

# Senate Study Bill 3300

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
APPROPRIATIONS BILL BY  
CHAIRPERSON DVORSKY)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act concerning public retirement systems and other employee  
2 benefit-related matters, including the public safety peace  
3 officers' retirement, accident, and disability system, the  
4 Iowa public employees' retirement system, the statewide fire  
5 and police retirement system, and the judicial retirement  
6 system, including implementation and transition provisions,  
7 and providing effective and retroactive applicability dates.  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
9 TLSB 6675XC 82  
10 ec/sc/5

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1 1 DIVISION I  
1 2 PUBLIC SAFETY PEACE OFFICERS' RETIREMENT,  
1 3 ACCIDENT, AND DISABILITY SYSTEM  
1 4 Section 1. Section 97A.1, subsection 14, Code 2007, is  
1 5 amended by striking the subsection.  
1 6 Sec. 2. Section 97A.1, subsection 15, Code 2007, is  
1 7 amended to read as follows:  
1 8 15. "Pensions" shall mean annual payments for life derived  
1 9 from the appropriations provided by the state of Iowa and from  
1 10 contributions of the members which are deposited in the  
1 11 ~~pension accumulation retirement~~ fund. All pensions shall be  
1 12 paid in equal monthly installments.  
1 13 Sec. 3. Section 97A.4, Code 2007, is amended by adding the  
1 14 following new unnumbered paragraph:  
1 15 NEW UNNUMBERED PARAGRAPH. Upon application by an active  
1 16 member prior to June 30, 2009, the board of trustees shall  
1 17 credit as service for a member of the system a previous period  
1 18 of service as a member of a city fire retirement system and  
1 19 police retirement system operating under chapter 411 prior to  
1 20 January 1, 1992, for which service was not eligible to be  
1 21 transferred to this system pursuant to section 97A.17.  
1 22 Sec. 4. Section 97A.5, subsections 3 and 4, Code 2007, are  
1 23 amended to read as follows:  
1 24 3. COMPENSATION. The trustees shall serve as such without  
1 25 compensation, but they shall be reimbursed from the ~~expense~~  
1 26 ~~retirement~~ fund for all necessary expenses which they may  
1 27 incur through service on the board.  
1 28 4. RULES. The board of trustees shall, from time to time,  
1 29 establish such rules not inconsistent with this chapter, for  
1 30 the administration of ~~funds the system and the retirement fund~~  
1 31 created by this chapter and as may be necessary or appropriate  
1 32 for the transaction of its business.  
1 33 Sec. 5. Section 97A.5, subsection 6, paragraph a, Code  
1 34 2007, is amended to read as follows:  
1 35 a. The department of public safety shall keep in  
2 1 convenient form the data necessary for the actuarial valuation  
2 2 of the ~~various funds of the~~ system and for checking the  
2 3 expense of the system. The commissioner of public safety  
2 4 shall keep a record of all the acts and proceedings of the  
2 5 board, which records shall be open to public inspection. The  
2 6 board of trustees shall biennially make a report to the  
2 7 general assembly showing the fiscal transactions of the system  
2 8 for the preceding biennium, the amount of the accumulated cash  
2 9 and securities of the system, and the last balance sheet  
2 10 showing the financial condition of the system by means of an  
2 11 actuarial valuation of the assets and liabilities of the  
2 12 system.  
2 13 Sec. 6. Section 97A.5, subsections 8, 9, 11, and 12, Code

2 14 2007, are amended to read as follows:  
2 15 8. MEDICAL BOARD. The board of trustees shall designate a  
2 16 ~~single medical provider network as the medical board to be~~  
2 17 ~~composed of three physicians who for the system. The medical~~  
2 18 ~~board shall arrange for and pass upon the all medical~~  
2 19 examinations required under the provisions of this chapter and  
2 20 shall report in writing to the board of trustees, its  
2 21 conclusions and recommendations upon all matters duly referred  
2 22 to it. ~~For examinations required because of disability, a~~  
2 23 ~~physician from the medical board specializing in occupational~~  
2 24 ~~medicine, and a second physician specializing in an~~  
2 25 ~~appropriate field of medicine as determined by the~~  
2 26 ~~occupational medicine physician, shall pass upon the medical~~  
2 27 ~~examinations required for disability retirements and shall~~  
2 28 ~~report to the system in writing their conclusions and~~  
2 29 ~~recommendations upon all matters referred to the medical~~  
2 30 ~~board.~~ Each report of a medical examination under section  
2 31 97A.6, subsections 3 and 5, shall include the medical board's  
2 32 findings in accordance with section 97A.6 as to the extent of  
2 33 the member's physical impairment.  
2 34 9. DUTIES OF ACTUARY. The actuary hired by the board of  
2 35 trustees shall be the technical advisor of the board of  
3 1 trustees on matters regarding the operation of the ~~funds~~  
3 2 ~~retirement fund~~ created by ~~the provisions of~~ this chapter and  
3 3 shall perform such other duties as are required in connection  
3 4 therewith.  
3 5 11. ACTUARIAL INVESTIGATION. At least once in each  
3 6 two-year period, the actuary hired by the board of trustees  
3 7 shall make an actuarial investigation in the mortality,  
3 8 service, and compensation experience of the members and  
3 9 beneficiaries of the system, and the interest and other  
3 10 earnings on the moneys and other assets of the system, and  
3 11 shall make a valuation of the assets and liabilities of the  
3 12 ~~funds~~ ~~retirement fund~~ of the system, and taking into account  
3 13 the results of the investigation and valuation, the board of  
3 14 trustees shall+  
3 15 a. ~~Adopt adopt~~ for the system, upon recommendation of the  
3 16 ~~system's actuary, such actuarial methods and assumptions,~~  
3 17 interest rate, and mortality and other tables as shall be  
3 18 deemed necessary+  
3 19 b. ~~Certify the rates of contribution payable by the state~~  
3 20 ~~of Iowa in accordance with section 97A.8 to conduct the~~  
3 21 ~~actuarial valuation of the system.~~  
3 22 12. ANNUAL ACTUARIAL VALUATION.  
3 23 a. On the basis of the actuarial methods and assumptions,  
3 24 rate of interest, and tables adopted by the board of trustees,  
3 25 the actuary hired by the board of trustees shall make an  
3 26 annual actuarial valuation of the assets and liabilities of  
3 27 the ~~funds of the system~~ retirement fund created by this  
3 28 chapter. As a result of the annual actuarial valuation, the  
3 29 board of trustees shall certify the rates of contribution  
3 30 payable by the state of Iowa in accordance with section 97A.8.  
3 31 b. Effective with the fiscal year beginning July 1, 2008,  
3 32 the annual actuarial valuation required to be conducted shall  
3 33 include information as required by section 97D.5.  
3 34 Sec. 7. Section 97A.5, subsection 13, paragraphs b, c, and  
3 35 d, Code 2007, are amended to read as follows:  
4 1 b. The ~~funds~~ retirement fund established in section 97A.8  
4 2 shall be held in trust for the benefit of the members of the  
4 3 system and the members' beneficiaries. No part of the corpus  
4 4 or income of the ~~funds~~ retirement fund shall be used for, or  
4 5 diverted to, purposes other than for the exclusive benefit of  
4 6 the members or the members' beneficiaries or for expenses  
4 7 incurred in the operation of the ~~funds~~ retirement fund. A  
4 8 person shall not have any interest in, or right to, any part  
4 9 of the corpus or income of the ~~funds~~ retirement fund except as  
4 10 otherwise expressly provided.  
4 11 c. Notwithstanding any provision of this chapter to the  
4 12 contrary, in the event of a complete discontinuance of  
4 13 contributions, for reasons other than achieving fully funded  
4 14 status upon an actuarially determined basis, or upon  
4 15 termination of the ~~funds~~ retirement fund established in  
4 16 section 97A.8, a member shall be vested, to the extent then  
4 17 funded, in the benefits which the member has accrued at the  
4 18 date of the discontinuance or termination.  
4 19 d. Benefits payable from the ~~funds~~ retirement fund  
4 20 established in section 97A.8 to members and members'  
4 21 beneficiaries shall not be increased due to forfeitures from  
4 22 other members. Forfeitures shall be used as soon as possible  
4 23 to reduce future contributions by the state to the ~~pension~~  
4 24 ~~accumulation retirement~~ fund, except that the rate shall not

4 25 be less than the minimum rate established in section 97A.8.

4 26 Sec. 8. Section 97A.5, subsection 14, Code 2007, is  
4 27 amended to read as follows:

4 28 14. INVESTMENT CONTRACTS. The board of trustees may  
4 29 execute contracts and agreements with investment advisors,  
4 30 consultants, and investment management and benefit consultant  
4 31 firms in the administration of the ~~funds~~ retirement fund  
4 32 established in section 97A.8.

4 33 Sec. 9. Section 97A.6, subsection 7, Code 2007, is amended  
4 34 by adding the following new paragraph:

4 35 NEW PARAGRAPH. d. Should a disability beneficiary under  
5 1 age fifty-five be employed in a public safety occupation, the  
5 2 disability beneficiary's retirement allowance shall cease.  
5 3 Notwithstanding any provision of this chapter to the contrary,  
5 4 if a disability beneficiary is employed in a public safety  
5 5 occupation that would otherwise constitute membership service,  
5 6 the disability beneficiary shall not become a member of the  
5 7 system. For purposes of this paragraph, "public safety  
5 8 occupation" means a peace officer, as defined in section  
5 9 97A.1; a protection occupation, as defined in section 97B.49B;  
5 10 a sheriff or deputy sheriff as defined in section 97B.49C; and  
5 11 a police officer or fire fighter as defined in section 411.1,  
5 12 who was not restored to active service as provided by this  
5 13 subsection.

5 14 Sec. 10. Section 97A.6, subsection 11, Code 2007, is  
5 15 amended to read as follows:

5 16 11. PENSIONS OFFSET BY COMPENSATION BENEFITS. Any amounts  
5 17 which may be paid or payable by the state under the provisions  
5 18 of any workers' compensation or similar law to a member or to  
5 19 the dependents of a member on account of any disability or  
5 20 death, shall be offset against and payable in lieu of any  
5 21 benefits payable out of ~~funds~~ the retirement fund provided by  
5 22 the state under the provisions of this chapter on account of  
5 23 the same disability or death. In case the present value of  
5 24 the total commuted benefits under said workers' compensation  
5 25 or similar law is less than the ~~pension reserve on present~~  
5 26 value of the benefits otherwise payable from funds the  
5 27 retirement fund provided by the state under this chapter, then  
5 28 the present value of the commuted payments shall be deducted  
5 29 from the pension ~~reserve payable~~ and such benefits as may be  
5 30 provided by the ~~pension reserve system~~ so reduced shall be  
5 31 payable under the provisions of this chapter.

5 32 Sec. 11. Section 97A.7, subsections 1, 2, and 3, Code  
5 33 Supplement 2007, are amended to read as follows:

5 34 1. The board of trustees shall be the trustees of the  
5 35 ~~several funds~~ retirement fund created by this chapter as  
6 1 provided in section 97A.8 and shall have full power to invest  
6 2 and reinvest ~~such~~ funds subject to the terms, conditions,  
6 3 limitations, and restrictions imposed by subsection 2 of this  
6 4 section and chapter 12F, and subject to like terms,  
6 5 conditions, limitations, and restrictions said trustees shall  
6 6 have full power to hold, purchase, sell, assign, transfer, or  
6 7 dispose of any of the securities and investments ~~in which any~~  
6 8 of the ~~funds created herein shall~~ retirement fund which have  
6 9 been invested, as well as of the proceeds of said investments  
6 10 and any moneys belonging to ~~said funds~~ the retirement fund.  
6 11 The board of trustees may authorize the treasurer of state to  
6 12 exercise any of the duties of this section. When so  
6 13 authorized the treasurer of state shall report any  
6 14 transactions to the board of trustees at its next monthly  
6 15 meeting.

6 16 2. The ~~several funds~~ retirement fund created by this  
6 17 chapter may be invested in any investments authorized for the  
6 18 Iowa public employees' retirement system in section 97B.7A.

6 19 3. The treasurer of the state shall be the custodian of  
6 20 the ~~several funds~~ retirement fund. All payments from ~~said~~  
6 21 ~~funds~~ the retirement fund shall be made by the treasurer only  
6 22 upon vouchers signed by two persons designated by the board of  
6 23 trustees. A duly attested copy of the resolution of the board  
6 24 of trustees designating such persons and bearing on its face  
6 25 specimen signatures of such persons shall be filed with the  
6 26 treasurer of state as the treasurer's authority for making  
6 27 payments on such vouchers. No voucher shall be drawn unless  
6 28 it shall previously have been allowed by resolution of the  
6 29 board of trustees.

6 30 Sec. 12. Section 97A.8, Code 2007, is amended to read as  
6 31 follows:

6 32 97A.8 METHOD OF FINANCING.

6 33 There is hereby created as a special fund, separate and  
6 34 apart from all other public moneys or funds of this state, the  
6 35 peace officers' retirement, accident, and disability system

7 1 retirement fund, hereafter called the "retirement fund". All  
7 2 the assets of the system created and established by this  
7 3 chapter shall be credited according to the purpose for which  
7 4 they are held to one of three funds, namely, the pension  
7 5 accumulation fund, the pension reserve fund, and the expense  
7 6 to the retirement fund.

7 7 1. ~~PENSION ACCUMULATION FUND.~~ The pension accumulation  
7 8 fund shall be the fund in which shall be accumulated all All  
7 9 moneys for the payment of all pensions and other benefits  
7 10 payable from contributions made by the state and from which  
7 11 shall be paid the lump-sum death benefits for all members  
7 12 payable from the said contributions shall be accumulated in  
7 13 the retirement fund. The refunds and benefits for all members  
7 14 and beneficiaries shall be payable from the retirement fund.

7 15 Contributions to and payments from the pension accumulation  
7 16 retirement fund shall be as follows:

7 17 a. On account of each member there shall be paid annually  
7 18 into the ~~pension accumulation~~ retirement fund by the state of  
7 19 Iowa an amount equal to a certain percentage of the earnable  
7 20 compensation of the member to be known as the "normal  
7 21 contribution". The rate percent of such contribution shall be  
7 22 fixed on the basis of the liabilities of the retirement system  
7 23 as shown by annual actuarial valuations.

7 24 b. (1) On the basis of the actuarial methods and  
7 25 assumptions, rate of interest, and of the mortality, interest,  
7 26 and other tables adopted by the board of trustees, the board  
7 27 of trustees, upon the advice of the actuary hired by the board  
7 28 for that purpose, shall make each valuation required by this  
7 29 chapter pursuant to the requirements of section 97A.5 and  
7 30 shall immediately after making such valuation, determine the  
7 31 "normal contribution rate". The normal contribution rate  
7 32 shall be the rate percent of the earnable compensation of all  
7 33 members obtained by deducting from the total liabilities of  
7 34 the fund the sum of the amount of the funds in hand to the  
7 35 credit of the fund and dividing the remainder by one percent  
8 1 of the present value of the prospective future compensation of  
8 2 all members as computed on the basis of the rate of interest  
8 3 and of mortality and service tables adopted by the board of  
8 4 trustees, all equal to the rate required by the system to  
8 5 discharge its liabilities, stated as a percentage of the  
8 6 earnable compensation of all members, and reduced by the  
8 7 employee contribution made pursuant to rate provided in this  
8 8 subsection. However, the normal rate of contribution shall  
8 9 not be less than seventeen percent. The normal rate of  
8 10 contribution shall be determined by the board of trustees  
8 11 after each valuation. To assist in determining the normal  
8 12 rate of contribution, the board of trustees may adopt a  
8 13 smoothing method for valuing the assets of the system. The  
8 14 smoothing method is designed to reduce changes in the normal  
8 15 contribution rate which could result from fluctuations in the  
8 16 market value of the assets of the system.

8 17 (2) Notwithstanding the provisions of subparagraph (1) to  
8 18 the contrary, the normal contribution rate shall be as  
8 19 follows:

8 20 (a) For the fiscal year beginning July 1, 2008, nineteen  
8 21 percent.

8 22 (b) For the fiscal year beginning July 1, 2009, twenty-one  
8 23 percent.

8 24 (c) For the fiscal year beginning July 1, 2010,  
8 25 twenty-three percent.

8 26 (d) For the fiscal year beginning July 1, 2011,  
8 27 twenty-five percent.

8 28 (e) For each fiscal year beginning on or after July 1,  
8 29 2012, the lesser of twenty-seven percent or the normal  
8 30 contribution rate as calculated pursuant to subparagraph (1).

8 31 c. The total amount payable in each year to the pension  
8 32 accumulation retirement fund shall not be less than the rate  
8 33 percent known as the normal contribution rate of the total  
8 34 compensation earnable by all members during the year.  
8 35 However, the aggregate payment by the state shall be  
9 1 sufficient when combined with the amount in the retirement  
9 2 fund to provide the pensions and other benefits payable out of  
9 3 the retirement fund during the then current year.

9 4 d. All lump-sum death benefits on account of death in  
9 5 active service payable from contributions of the state shall  
9 6 be paid from the pension accumulation retirement fund.

9 7 e. Upon the retirement or death of a member an amount  
9 8 equal to the pension reserve on any pension payable to the  
9 9 member or on account of the member's death shall be  
9 10 transferred from the pension accumulation fund to the pension  
9 11 reserve fund.

9 12 f. e. Except as otherwise provided in paragraph "h" "g":  
9 13 (1) An amount equal to three and one-tenth percent of each  
9 14 member's compensation from the earnable compensation of the  
9 15 member shall be paid to the ~~pension accumulation retirement~~  
9 16 fund for the fiscal year beginning July 1, 1989.  
9 17 (2) An amount equal to four and one-tenth percent of each  
9 18 member's compensation from the earnable compensation of the  
9 19 member shall be paid to the ~~pension accumulation retirement~~  
9 20 fund for the fiscal year beginning July 1, 1990.  
9 21 (3) An amount equal to five and one-tenth percent of each  
9 22 member's compensation from the earnable compensation of the  
9 23 member shall be paid to the ~~pension accumulation retirement~~  
9 24 fund for the fiscal year beginning July 1, 1991.  
9 25 (4) An amount equal to six and one-tenth percent of each  
9 26 member's compensation from the earnable compensation of the  
9 27 member shall be paid to the ~~pension accumulation retirement~~  
9 28 fund for the fiscal year beginning July 1, 1992.  
9 29 (5) An amount equal to seven and one-tenth percent of each  
9 30 member's compensation from the earnable compensation of the  
9 31 member shall be paid to the ~~pension accumulation retirement~~  
9 32 fund for the fiscal year beginning July 1, 1993.  
9 33 (6) An amount equal to eight and one-tenth percent of each  
9 34 member's compensation from the earnable compensation of the  
9 35 member shall be paid to the ~~pension accumulation retirement~~  
10 1 fund for the fiscal period beginning July 1, 1994, through  
10 2 December 31, 1994, and an amount equal to eight and  
10 3 thirty-five hundredths percent of each member's compensation  
10 4 from the earnable compensation of the member shall be paid to  
10 5 the ~~pension accumulation retirement~~ fund for the fiscal period  
10 6 beginning January 1, 1995, through June 30, 1995.  
10 7 (7) An amount equal to nine and thirty-five hundredths  
10 8 percent of each member's compensation from the earnable  
10 9 compensation of the member shall be paid to the ~~pension~~  
~~10 10 accumulation retirement~~ fund for the fiscal year beginning  
10 11 July 1, 1995.  
10 12 (8) Notwithstanding any other provision of this chapter,  
10 13 beginning July 1, 1996, and each fiscal year thereafter, an  
10 14 amount equal to the member's contribution rate times each  
10 15 member's compensation shall be paid to the ~~pension~~  
~~10 16 accumulation retirement~~ fund from the earnable compensation of  
10 17 the member. For the purposes of this subparagraph, the  
10 18 member's contribution rate shall be nine and thirty-five  
10 19 hundredths percent. However, the system shall increase the  
10 20 member's contribution rate as necessary to cover any increase  
10 21 in cost to the system resulting from statutory changes which  
10 22 are enacted by any session of the general assembly meeting  
10 23 after January 1, 1995, if the increase cannot be absorbed  
10 24 within the contribution rates otherwise established pursuant  
10 25 to this paragraph, but subject to a maximum employee  
10 26 contribution rate of eleven and three-tenths percent. After  
10 27 the employee contribution reaches eleven and three-tenths  
10 28 percent, sixty percent of the additional cost of such  
10 29 statutory changes shall be paid by the employer under  
10 30 paragraph "c" and forty percent of the additional cost shall  
10 31 be paid by employees under this ~~paragraph subparagraph~~ (8).  
10 32 g. f. The board of trustees shall certify to the director  
10 33 of the department of administrative services and the director  
10 34 of the department of administrative services shall cause to be  
10 35 deducted from the earnable compensation of each member the  
11 1 contribution required under this subsection and shall forward  
11 2 the contributions to the board of trustees for recording and  
11 3 for deposit in the ~~pension accumulation retirement~~ fund.  
11 4 The deductions provided for under this subsection shall be  
11 5 made notwithstanding that the minimum compensation provided by  
11 6 law for any member is reduced. Every member is deemed to  
11 7 consent to the deductions made under this section.  
11 8 h. g. Notwithstanding the provisions of paragraph "f"  
11 9 "e", the following transition percentages apply to members'  
11 10 contributions as specified:  
11 11 (1) For members who on July 1, 1990, have attained the age  
11 12 of forty-nine years or more, an amount equal to nine and  
11 13 one-tenth percent of each member's compensation from the  
11 14 earnable compensation of the member shall be paid to the  
11 15 ~~pension accumulation retirement~~ fund for the fiscal period  
11 16 beginning July 1, 1990, through October 15, 1992, and  
11 17 commencing October 16, 1992, and for each subsequent fiscal  
11 18 period, the rates specified in paragraph "f" "e",  
11 19 subparagraphs (4) through (8), shall apply.  
11 20 (2) For members who on July 1, 1990, have attained the age  
11 21 of forty-eight years but have not attained the age of  
11 22 forty-nine years, an amount equal to eight and one-tenth

11 23 percent shall be paid for the fiscal year beginning July 1,  
11 24 1990, and an amount equal to nine and one-tenth percent shall  
11 25 be paid for the fiscal period beginning July 1, 1991, through  
11 26 October 15, 1992, and commencing October 16, 1992, and for  
11 27 each subsequent fiscal period, the rates specified in  
11 28 paragraph ~~"f"~~ "e", subparagraphs (4) through (8), shall apply.  
11 29 (3) For members who on July 1, 1990, have attained the age  
11 30 of forty-seven years but have not attained the age of  
11 31 forty-eight years, an amount equal to seven and one-tenth  
11 32 percent shall be paid for the fiscal year beginning July 1,  
11 33 1990, an amount equal to eight and one-tenth percent shall be  
11 34 paid for the fiscal year beginning July 1, 1991, and an amount  
11 35 equal to nine and one-tenth percent shall be paid for the  
12 1 fiscal period beginning July 1, 1992, through October 15,  
12 2 1992, and commencing October 16, 1992, and for each subsequent  
12 3 fiscal period, the rates specified in paragraph ~~"f"~~ "e",  
12 4 subparagraphs (4) through (8), shall apply.  
12 5 (4) For members who on July 1, 1990, have attained the age  
12 6 of forty-six years but have not attained the age of  
12 7 forty-seven years, an amount equal to six and one-tenth  
12 8 percent shall be paid for the fiscal year beginning July 1,  
12 9 1990, an amount equal to seven and one-tenth percent shall be  
12 10 paid for the fiscal year beginning July 1, 1991, an amount  
12 11 equal to eight and one-tenth percent shall be paid for the  
12 12 fiscal period beginning July 1, 1992, through October 15,  
12 13 1992, and commencing October 16, 1992, and for each subsequent  
12 14 fiscal period, the rates specified in paragraph ~~"f"~~ "e",  
12 15 subparagraphs (4) through (8), shall apply.  
12 16 (5) For members who on July 1, 1990, have attained the age  
12 17 of forty-five years but have not attained the age of forty-six  
12 18 years, an amount equal to five and one-tenth percent shall be  
12 19 paid for the fiscal year beginning July 1, 1990, an amount  
12 20 equal to six and one-tenth percent shall be paid for the  
12 21 fiscal year beginning July 1, 1991, and an amount equal to  
12 22 seven and one-tenth percent shall be paid for the fiscal  
12 23 period beginning July 1, 1992, through October 15, 1992.  
12 24 Commencing October 16, 1992, and for each subsequent fiscal  
12 25 period, the rates specified in paragraph ~~"f"~~ "e",  
12 26 subparagraphs (4) through (8), shall apply.  
12 27 ~~i-~~ h. (1) Notwithstanding paragraph ~~"g"~~ "f" or other  
12 28 provisions of this chapter, beginning January 1, 1995, for  
12 29 federal income tax purposes, and beginning January 1, 1999,  
12 30 for state income tax purposes, member contributions required  
12 31 under paragraph ~~"f"~~ "e" or ~~"h"~~ "g" which are picked up by the  
12 32 department shall be considered employer contributions for  
12 33 federal and state income tax purposes, and the department  
12 34 shall pick up the member contributions to be made under  
12 35 paragraph ~~"f"~~ "e" or ~~"h"~~ "g" by its employees. The department  
13 1 shall pick up these contributions by reducing the salary of  
13 2 each of its employees covered by this chapter by the amount  
13 3 which each employee is required to contribute under paragraph  
13 4 ~~"f"~~ "e" or ~~"h"~~ "g" and shall certify the amount picked up in  
13 5 lieu of the member contributions to the department of  
13 6 administrative services. The department of administrative  
13 7 services shall forward the amount of the contributions picked  
13 8 up to the board of trustees for recording and deposit in the  
13 9 ~~pension accumulation retirement~~ fund.  
13 10 (2) Member contributions picked up by the department under  
13 11 subparagraph (1) shall be treated as employer contributions  
13 12 for federal and state income tax purposes only and for all  
13 13 other purposes of this chapter shall be treated as employee  
13 14 contributions and deemed part of the employee's earnable  
13 15 compensation or salary.  
13 16 ~~2. PENSION RESERVE FUND. The pension reserve fund shall~~  
~~13 17 be the fund in which shall be held the reserves on all~~  
~~13 18 pensions granted to members or to their beneficiaries and from~~  
~~13 19 which such pensions and benefits in lieu thereof shall be~~  
~~13 20 paid. Should a beneficiary retired on account of disability~~  
~~13 21 be restored to active service and again become a member of the~~  
~~13 22 system, the member's pension reserve shall be transferred from~~  
~~13 23 the pension reserve fund to the pension accumulation fund.~~  
~~13 24 Should the pension of a disability beneficiary be reduced as a~~  
~~13 25 result of an increase in the beneficiary's amount earned, the~~  
~~13 26 amount of the annual reduction in the beneficiary's pension~~  
~~13 27 shall be paid annually into the pension accumulation fund~~  
~~13 28 during the period of such reduction.~~  
13 29 ~~3. 2. a. EXPENSE FUND. The expense fund shall be the~~  
~~13 30 fund to which shall be credited all money provided by the~~  
~~13 31 state of Iowa to pay the administration expenses of the system~~  
~~13 32 and from which shall be paid all All the expenses necessary in~~  
13 33 connection with the administration and operation of the system

13 34 ~~shall be paid from the retirement fund. Biennially the board~~  
13 35 ~~of trustees shall estimate the amount of money necessary to be~~  
14 1 ~~paid into the expense fund during the ensuing biennium to~~  
14 2 ~~provide for the expense of operation of the system.~~  
14 3 Investment management expenses shall be charged to the  
14 4 investment income of the system and there is appropriated from  
14 5 the system an amount required for the investment management  
14 6 expenses. The board of trustees shall report the investment  
14 7 management expenses for the fiscal year as a percent of the  
14 8 market value of the system.  
14 9 b. For purposes of this subsection, investment management  
14 10 expenses are limited to the following:  
14 11 a. (1) Fees for investment advisors, consultants, and  
14 12 investment management and benefit consultant firms hired by  
14 13 the board of trustees in administering this chapter.  
14 14 b. (2) Fees and costs for safekeeping fund assets.  
14 15 c. (3) Costs for performance and compliance monitoring,  
14 16 and accounting for fund investments.  
14 17 d. (4) Any other costs necessary to prudently invest or  
14 18 protect the assets of the fund.  
14 19 Sec. 13. Section 97A.11, Code 2007, is amended to read as  
14 20 follows:  
14 21 97A.11 CONTRIBUTIONS BY THE STATE.  
14 22 On or before the first day of November in each year, the  
14 23 board of trustees shall certify to the director of the  
14 24 department of administrative services the amounts which will  
14 25 become due and payable during the year next following to the  
14 26 ~~pension accumulation retirement fund and the expense fund.~~  
14 27 The amounts so certified shall be paid by the director of the  
14 28 department of administrative services out of the funds  
14 29 appropriated for the Iowa department of public safety, to the  
14 30 treasurer of state, the same to be credited to the system for  
14 31 the ensuing year.  
14 32 Sec. 14. Section 97A.12, Code 2007, is amended to read as  
14 33 follows:  
14 34 97A.12 EXEMPTION FROM EXECUTION AND OTHER PROCESS OR  
14 35 ASSIGNMENT == EXCEPTIONS.  
15 1 The right of any person to a pension, annuity, or  
15 2 retirement allowance, to the return of contributions, the  
15 3 pension, annuity, or retirement allowance itself, any optional  
15 4 benefit or death benefit, any other right accrued or accruing  
15 5 to any person under this chapter, and the moneys in the  
15 6 ~~various funds retirement fund~~ created under this chapter, are  
15 7 not subject to execution, garnishment, attachment, or any  
15 8 other process whatsoever, and are unassignable except for the  
15 9 purposes of enforcing child, spousal, or medical support  
15 10 obligations or marital property orders, or as otherwise  
15 11 specifically provided in this chapter. For the purposes of  
15 12 enforcing child, spousal, or medical support obligations, the  
15 13 garnishment or attachment of or the execution against  
15 14 compensation due a person under this chapter shall not exceed  
15 15 the amount specified in 15 U.S.C. } 1673(b).  
15 16 Sec. 15. Section 97A.14, Code 2007, is amended to read as  
15 17 follows:  
15 18 97A.14 HOSPITALIZATION AND MEDICAL ATTENTION.  
15 19 The board of trustees shall provide hospital, nursing, and  
15 20 medical attention for the members in service when injured  
15 21 while in the performance of their duties and shall continue to  
15 22 provide hospital, nursing, and medical attention for injuries  
15 23 or diseases incurred while in the performance of their duties  
15 24 for the members receiving a retirement allowance under section  
15 25 97A.6, subsection 6. The cost of hospital, nursing, and  
15 26 medical attention shall be paid out of the ~~expense retirement~~  
15 27 fund. However, any amounts received by the injured person  
15 28 under the workers' compensation law of the state, or from any  
15 29 other source for such specific purposes, shall be deducted  
15 30 from the amount paid by the board of trustees provisions of  
15 31 this section.  
15 32 Sec. 16. Section 97A.14A, subsection 5, Code 2007, is  
15 33 amended to read as follows:  
15 34 5. All funds recovered by the system under this section  
15 35 shall be deposited in the ~~pension accumulation retirement~~ fund  
16 1 created in section 97A.8.  
16 2 Sec. 17. Section 97A.15, subsection 2, paragraph a, Code  
16 3 2007, is amended to read as follows:  
16 4 a. "Accumulated contributions" means the sum of all  
16 5 amounts deducted from the compensation of a member and  
16 6 credited to the member's individual account in the annuity  
16 7 savings fund together with regular interest thereon as  
16 8 provided in this subsection. Accumulated contributions do not  
16 9 include any amount deducted from the compensation of a member

16 10 and credited to the ~~pension accumulation~~ retirement fund.

16 11 Sec. 18. Section 97A.15, subsection 8, Code 2007, is  
16 12 amended to read as follows:

16 13 8. The actuary shall annually determine the amount  
16 14 required in the annuity reserve fund. If the amount required  
16 15 is less than the amount in the annuity reserve fund, the board  
16 16 of trustees shall transfer the excess funds from the annuity  
16 17 reserve fund to the ~~pension accumulation~~ retirement fund. If  
16 18 the amount required is more than the amount in the annuity  
16 19 reserve fund, the board of trustees shall transfer the amount  
16 20 prescribed by the actuary to the annuity reserve fund from the  
16 21 ~~pension accumulation~~ retirement fund.

16 22 Sec. 19. PEACE OFFICERS' RETIREMENT, ACCIDENT, AND  
16 23 DISABILITY SYSTEM == REIMBURSEMENT.

16 24 1. Notwithstanding any provision of section 97A.8 to the  
16 25 contrary, the Iowa department of public safety peace officers'  
16 26 retirement, accident, and disability system as defined in  
16 27 section 97A.2 shall not increase the contribution rate of  
16 28 members of the system to cover any increase in cost to the  
16 29 system resulting from the section of this Act amending section  
16 30 97A.4.

16 31 2. Notwithstanding any provision of chapter 97A to the  
16 32 contrary, a member who purchased permissive service credit  
16 33 pursuant to section 97A.10 for service as described in section  
16 34 97A.10, paragraph "a", subparagraph (2), shall, upon  
16 35 application to the retirement system by October 1, 2008,  
17 1 receive credit for such service as provided by section 97A.4,  
17 2 as amended in this Act, and be reimbursed from the retirement  
17 3 fund as provided in section 97A.8 for contributions made by  
17 4 the member to purchase such service.

17 5 DIVISION II

17 6 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

17 7 Sec. 20. Section 97B.1A, subsection 20, paragraph a, Code  
17 8 2007, is amended to read as follows:

17 9 a. Service in the armed forces of the United States, if  
17 10 the employee was employed by a covered employer immediately  
17 11 prior to entry into the armed forces, and if ~~the any of the~~  
17 12 following requirements are met:

17 13 (1) The employee was released from service and returns to  
17 14 covered employment with an employer within twelve months of  
17 15 the date on which the employee has the right of release from  
17 16 service or within a longer period as required by the  
17 17 applicable laws of the United States.

17 18 (2) The employee, while serving on active duty in the  
17 19 armed forces of the United States in an area designated by the  
17 20 president of the United States or the United States Congress  
17 21 as a combat zone or as a qualified hazardous duty area, or  
17 22 deployed outside the United States away from the individual's  
17 23 permanent duty station while participating in an operation  
17 24 designated by the United States secretary of defense as a  
17 25 contingency operation as defined in 10 U.S.C. } 101(a)(13), or  
17 26 which became such a contingency operation by the operation of  
17 27 law, dies, or suffers an injury or acquires a disease  
17 28 resulting in death, so long as the death from the injury or  
17 29 disease occurs within a two-year period from the date the  
17 30 employee suffered the active duty injury or disease and the  
17 31 active duty injury or disease prevented the employee from  
17 32 returning to covered employment as provided in subparagraph  
17 33 (1).

17 34 Sec. 21. Section 97B.1A, subsection 26, paragraph a,  
17 35 subparagraph (2), subparagraph subdivision (i), Code 2007, is  
18 1 amended to read as follows:

18 2 (i) Payments for allowances ~~made to an employee that are~~  
18 3 ~~not included in an employee's federal taxable income~~ except  
18 4 for those allowances included as wages for a member of the  
18 5 general assembly.

18 6 Sec. 22. Section 97B.1A, subsection 26, paragraph a,  
18 7 subparagraph (2), Code 2007, is amended by adding the  
18 8 following new subparagraph subdivision:

18 9 NEW SUBPARAGRAPH SUBDIVISION. (n) Bonuses of any type,  
18 10 whether paid in a lump sum or in installments.

18 11 Sec. 23. Section 97B.4, subsection 2, Code Supplement  
18 12 2007, is amended by adding the following new paragraph:

18 13 NEW PARAGRAPH. d. In administering this chapter, the  
18 14 system shall not be a participating agency for purposes of  
18 15 chapter 8A, subchapter II.

18 16 Sec. 24. Section 97B.4, subsection 4, paragraph d, Code  
18 17 Supplement 2007, is amended to read as follows:

18 18 d. ANNUAL VALUATION OF ASSETS. The system shall cause an  
18 19 annual actuarial valuation to be made of the assets and  
18 20 liabilities of the retirement system and shall prepare an



18 21 annual statement of the amounts to be contributed under this  
18 22 chapter, and shall publish annually such valuation of the  
18 23 assets and liabilities and the statement of receipts and  
18 24 disbursements of the retirement system. Based upon the  
18 25 actuarial methods and assumptions adopted by the board for the  
18 26 annual actuarial valuation, the system shall certify to the  
18 27 governor the contribution rates determined thereby as the  
18 28 rates necessary and sufficient for members and employers to  
18 29 fully fund the benefits and retirement allowances being  
18 30 credited. Effective with the fiscal year beginning July 1,  
18 31 2008, the annual actuarial valuation required by this  
18 32 paragraph shall include information as required by section  
18 33 97D.5 for each membership group which separately determines  
18 34 contribution rates under this chapter.

18 35 Sec. 25. Section 97B.7, subsection 3, paragraph d, Code  
19 1 2007, is amended to read as follows:  
19 2 d. To be used to pay for investment management expenses  
19 3 incurred in the management of the retirement fund. Expenses  
19 4 incurred pursuant to this paragraph shall be charged to the  
19 5 investment income of the retirement fund. ~~However, the amount~~  
19 6 ~~appropriated for a fiscal year under this paragraph shall not~~  
19 7 ~~exceed four-tenths of one percent of the market value of the~~  
19 8 ~~retirement fund.~~

19 9 Sec. 26. Section 97B.9, subsections 1 and 2, Code 2007,  
19 10 are amended to read as follows:  
19 11 1. An employer shall be charged the greater of ~~ten~~ twenty  
19 12 dollars per occurrence or interest at the combined interest  
19 13 and dividend rate required under section 97B.70 for the  
19 14 applicable calendar year for contributions unpaid on the date  
19 15 on which they are due and payable as prescribed by the system.  
19 16 The system may adopt rules prescribing circumstances for which  
19 17 the interest or charge shall not accrue with respect to  
19 18 contributions required. Interest or charges collected  
19 19 pursuant to this section shall be paid into the Iowa public  
19 20 employees' retirement fund.  
19 21 2. If within thirty days after due notice the employer  
19 22 defaults in payment of contributions or interest thereon, the  
19 23 amount due ~~shall~~ may be collected by civil action in the name  
19 24 of the system, and the employer adjudged in default shall pay  
19 25 the costs of such action. Civil actions brought under this  
19 26 section to collect contributions or interest thereon shall be  
19 27 heard by the court at the earliest possible date and shall be  
19 28 entitled to preference upon the calendar of the court over all  
19 29 other civil actions.

19 30 Sec. 27. Section 97B.10, subsection 3, Code 2007, is  
19 31 amended to read as follows:

19 32 3. ~~Except as provided in this subsection, interest~~  
19 33 ~~Interest~~ shall not be paid on credits issued pursuant to this  
19 34 section. ~~However, if a credit for contributions paid prior to~~  
19 35 ~~an individual's decision to elect out of coverage pursuant to~~  
20 1 ~~section 97B.42A is issued, accumulated interest and interest~~  
20 2 ~~on dividends as provided in section 97B.70 shall apply. In~~  
20 3 ~~addition, the system may, at any time, apply accumulated~~  
20 4 interest and interest dividends as provided in section 97B.70  
20 5 on any credits issued under this section if the system finds  
20 6 that the crediting of interest is just and equitable.

20 7 Sec. 28. Section 97B.11, Code 2007, is amended to read as  
20 8 follows:

20 9 97B.11 CONTRIBUTIONS BY EMPLOYER AND EMPLOYEE.

20 10 1. Each employer shall deduct from the wages of each  
20 11 member of the retirement system a contribution in the amount  
20 12 of the applicable employee percentage of the covered wages  
20 13 paid by the employer and such additional amount if otherwise  
20 14 required by law, until the member's termination from  
20 15 employment. The contributions of the employer shall be in the  
20 16 amount of the applicable employer percentage of the covered  
20 17 wages of the member and such additional amount if otherwise  
20 18 required by law.

20 19 2. ~~For~~ Prior to July 1, 2011, for purposes of this  
20 20 section, unless the context otherwise requires:

20 21 a. "Applicable employee percentage" means the percentage  
20 22 rate equal to three and seven-tenths percent plus forty  
20 23 percent of the total additional percentage.

20 24 b. "Applicable employer percentage" means the percentage  
20 25 rate equal to five and seventy-five hundredths percent plus  
20 26 sixty percent of the total additional percentage.

20 27 c. "Total additional percentage" means ~~as follows:~~

20 28 (i) ~~For, for~~ for the fiscal period beginning July 1, 2007,  
20 29 through June 30, 2011, ~~the total additional percentage for a~~  
20 30 ~~fiscal year shall be~~ the total additional percentage for the  
20 31 prior fiscal year plus, only if the total comparison

20 32 percentage is greater than the total of the applicable  
20 33 employee percentage and the applicable employer percentage for  
20 34 the prior fiscal year, one-half percentage point.

20 35 ~~(2) For each fiscal year beginning on or after July 1,  
21 1 2011, the total additional percentage shall be the total  
21 2 additional percentage for the prior fiscal year.~~

21 3 d. "Total comparison percentage" means the percentage rate  
21 4 that the system determines, based upon the most recent  
21 5 actuarial valuation of the retirement system, would be  
21 6 sufficient to amortize the unfunded actuarial liability of the  
21 7 retirement system in ten years.

21 8 3. On and after July 1, 2011, for purposes of this  
21 9 section, unless the context otherwise requires:

21 10 a. For members in regular service:

21 11 (1) "Applicable employee percentage" means the percentage  
21 12 rate equal to forty percent of the required contribution rate  
21 13 for members in regular service.

21 14 (2) "Applicable employer percentage" means the percentage  
21 15 rate equal to sixty percent of the required contribution rate  
21 16 for members in regular service.

21 17 b. For members in special service in a protection  
21 18 occupation as described in section 97B.49B:

21 19 (1) "Applicable employee percentage" means the percentage  
21 20 rate equal to forty percent of the required contribution rate  
21 21 for members described in section 97B.49B.

21 22 (2) "Applicable employer percentage" means the percentage  
21 23 rate equal to sixty percent of the required contribution rate  
21 24 for members described in section 97B.49B.

21 25 c. For members in special service as a county sheriff or  
21 26 deputy sheriff as described in section 97B.49C:

21 27 (1) "Applicable employee percentage" means the percentage  
21 28 rate equal to fifty percent of the required contribution rate  
21 29 for members described in section 97B.49C.

21 30 (2) "Applicable employer percentage" means the percentage  
21 31 rate equal to fifty percent of the required contribution rate  
21 32 for members described in section 97B.49C.

21 33 d. "Required contribution rate" means that percentage of  
21 34 the covered wages of members in regular service, members  
21 35 described in section 97B.49B, and members described in section  
22 1 97B.49C, that the system shall, for each fiscal year,  
22 2 separately set for members in each membership category as  
22 3 provided in this paragraph. The required contribution rate  
22 4 for a membership category shall be the contribution rate the  
22 5 system actuarially determines, based upon the most recent  
22 6 actuarial valuation of the system and using the actuarial  
22 7 methods, assumptions, and funding policy approved by the  
22 8 investment board, is the rate required by the system to  
22 9 discharge its liabilities as a percentage of the covered wages  
22 10 of members in that membership category. However, the required  
22 11 contribution rate set by the system for a fiscal year shall  
22 12 not vary by more than one-half percentage point from the  
22 13 required contribution rate for the prior fiscal year.

22 14 Sec. 29. Section 97B.14, Code 2007, is amended to read as  
22 15 follows:

22 16 97B.14 CONTRIBUTIONS FORWARDED.

22 17 Contributions deducted from the wages of the member under  
22 18 section 97B.11 prior to January 1, 1995, member contributions  
22 19 picked up by the employer under section 97B.11A beginning  
22 20 January 1, 1995, and the employer's contribution shall be  
22 21 forwarded to the system for recording and deposited with the  
22 22 treasurer of the state to the credit of the Iowa public  
22 23 employees' retirement fund. Contributions shall be remitted  
22 24 monthly, if total contributions by both employee and employer  
22 25 amount to one hundred dollars or more each month, and shall be  
22 26 otherwise paid in such manner, at such times, and under such  
22 27 conditions, either by copies of payrolls or other methods  
22 28 necessary or helpful in securing proper identification of the  
22 29 member, as may be prescribed by the system.

22 30 Sec. 30. Section 97B.33, Code 2007, is amended to read as  
22 31 follows:

22 32 97B.33 CERTIFICATION TO DIRECTOR PAYMENT TO INDIVIDUALS.

22 33 Upon final decision of the system, or upon final judgment  
22 34 of any court of competent jurisdiction, that any person is  
22 35 entitled to any payment or payments under this chapter, the  
23 1 system shall certify to the director of the department of  
23 2 administrative services the name and address of the person so  
23 3 entitled to receive such payment or payments, the amount of  
23 4 such payment or payments, and the time at which such payment  
23 5 or payments should be made, and the system, through the  
23 6 director of the department of administrative services, shall  
23 7 make payment in accordance with the certification of the

~~23 8 system to the person, provided that where judicial review of~~  
~~23 9 the system system's decision is or may be sought in accordance~~  
~~23 10 with the terms of the Iowa administrative procedure Act,~~  
~~23 11 chapter 17A, certification of payment may be withheld pending~~  
~~23 12 such review. The director of the department of administrative~~  
~~23 13 services shall not be held personally liable for any payment~~  
~~23 14 or payments made in accordance with a certification by the~~  
~~23 15 system.~~

23 16 Sec. 31. Section 97B.34A, subsections 1 and 2, Code 2007,  
23 17 are amended to read as follows:

23 18 1. If the total sum to be paid to the minor is less than  
23 19 ~~ten the greater of twenty-five thousand dollars or the maximum~~  
23 20 ~~amount permitted under section 565B.7, subsection 3,~~ the funds  
23 21 may be paid to an adult as custodian for the minor. The  
23 22 custodian must complete the proper forms as determined by the  
23 23 system.

23 24 2. If the total sum to be paid to the minor is equal to or  
23 25 more than ~~ten thousand dollars~~ the amount authorized in  
23 26 subsection 1, the funds must be paid to a court-established  
23 27 conservator. The system shall not make payment until the  
23 28 conservatorship has been established and the system has  
23 29 received the appropriate documentation.

23 30 Sec. 32. Section 97B.38, Code 2007, is amended to read as  
23 31 follows:

23 32 97B.38 FEES FOR SERVICES.

23 33 The system may, by rule, prescribe reasonable fees which  
23 34 may be charged for ~~production costs incurred,~~ including staff  
23 35 time and materials, ~~associated with performing to perform its~~  
24 1 ~~duties under this chapter for active, inactive, and retired~~  
24 2 ~~members, beneficiaries, and the general public, where such~~  
24 3 ~~production costs are more than de minimis, as determined by~~  
24 4 ~~the system.~~

24 5 Sec. 33. Section 97B.49B, subsection 1, paragraph e, Code  
24 6 2007, is amended by adding the following new subparagraphs:

24 7 NEW SUBPARAGRAPH. (9) A jailer or detention officer who  
24 8 performs duties as a jailer, including but not limited to the  
24 9 transportation of inmates, who is certified as having  
24 10 completed jailer training pursuant to chapter 80B, and who is  
24 11 employed by a county as a jailer.

24 12 NEW SUBPARAGRAPH. (10) An employee covered by the merit  
24 13 system as provided in chapter 8A, subchapter IV, whose primary  
24 14 duty is providing security at Iowa national guard  
24 15 installations and facilities and who carries or is licensed to  
24 16 carry a firearm while performing those duties.

24 17 NEW SUBPARAGRAPH. (11) An emergency medical care provider  
24 18 who provides emergency medical services, as defined in section  
24 19 147A.1, and who is not a member of the retirement systems  
24 20 established in chapter 410 or 411.

24 21 NEW SUBPARAGRAPH. (12) An investigator employed by a  
24 22 county attorney's office who is a certified law enforcement  
24 23 officer and who is deputized as an investigator for the county  
24 24 attorney's office by the sheriff of the applicable county.

24 25 Sec. 34. Section 97B.49B, subsection 3, paragraph a, Code  
24 26 2007, is amended by striking the paragraph.

24 27 Sec. 35. Section 97B.49C, subsection 3, paragraph a, Code  
24 28 2007, is amended by striking the paragraph.

24 29 Sec. 36. Section 97B.49F, subsection 1, paragraph b,  
24 30 subparagraph (2), subparagraph subdivision (b), Code 2007, is  
24 31 amended to read as follows:

24 32 (b) The percentage representing the percentage amount the  
24 33 actuary has certified, ~~in the annual actuarial valuation of~~  
24 34 ~~the retirement system as of June 30 of the year in which the~~  
24 35 ~~dividend is to be paid,~~ that the fund can absorb without  
25 1 requiring an increase in the employer and employee  
25 2 contributions to the fund. The actuary's certification of  
25 3 such percentage amount shall be based on a comparison of the  
25 4 actuarially required contribution rate for the fiscal year of  
25 5 the dividend adjustment to the statutory contribution rate for  
25 6 that same fiscal year. If the actuarially required  
25 7 contribution rate exceeds the statutory contribution rate for  
25 8 that same fiscal year, the percentage amount shall be zero.

25 9 Sec. 37. Section 97B.49H, subsection 3, Code 2007, is  
25 10 amended to read as follows:

25 11 3. The system shall annually determine the amount to be  
25 12 credited to the supplemental accounts of active members. The  
25 13 total amount credited to the supplemental accounts of all  
25 14 active members shall not exceed the amount that the system  
25 15 determines, in consultation with the system's actuary, ~~can be~~  
25 16 ~~absorbed without significantly impacting the funded status of~~  
25 17 leaves the system fully funded following the crediting of the  
25 18 total amount to the supplemental accounts. The amount to be

25 19 credited shall not be greater than the amount calculated by  
25 20 multiplying the member's covered wages for the applicable wage  
25 21 reporting period by the supplemental rate. For purposes of  
25 22 this subsection, the supplemental rate is the difference, if  
25 23 positive, between the combined employee and employer statutory  
25 24 contribution rates in effect under section 97B.11 and the  
25 25 normal cost rate of the retirement system as determined by the  
25 26 system's actuary in the most recent annual actuarial valuation  
25 27 of the retirement system. The credits shall be made ~~at least~~  
~~25 28 quarterly to each member's account at the time that covered~~  
~~25 29 wages are reported for each wage reporting period during the~~  
25 30 calendar year following a determination that the retirement  
25 31 system ~~does not have an unfunded accrued liability will remain~~  
~~25 32 fully funded following the crediting of the total amount to~~  
~~25 33 the supplemental accounts.~~ The normal cost rate, calculated  
25 34 according to the actuarial cost method used, is the percent of  
25 35 pay allocated to each year of service that is necessary to  
26 1 fund projected benefits over all members' service with the  
26 2 retirement system.

26 3 Sec. 38. Section 97B.50, subsection 2, Code 2007, is  
26 4 amended by adding the following new paragraph:  
26 5 NEW PARAGRAPH. d. For a vested member who retires from  
26 6 the retirement system due to disability on or after July 1,  
26 7 2009, and commences receiving disability benefits pursuant to  
26 8 the federal Railroad Retirement Act, 45 U.S.C. } 231 et seq.,  
26 9 or the federal Social Security Act, 42 U.S.C. } 423 et seq.,  
26 10 the system may require the vested member to certify on an  
26 11 annual basis continued eligibility for disability payments  
26 12 under the federal Railroad Retirement Act or the federal  
26 13 Social Security Act. If the vested member is under the age at  
26 14 which disability benefits are converted under the federal  
26 15 Social Security Act or the federal Railroad Retirement Act to  
26 16 retirement benefits and is no longer eligible for disability  
26 17 payments under either the federal Railroad Retirement Act or  
26 18 the federal Social Security Act, the vested member shall no  
26 19 longer be eligible to receive retirement benefits as provided  
26 20 by this subsection. If the system has paid retirement  
26 21 benefits to the member between the month the member was no  
26 22 longer eligible for payment pursuant to the federal Railroad  
26 23 Retirement Act or the federal Social Security Act and the  
26 24 month the system terminated retirement benefits under this  
26 25 paragraph, the member shall return all retirement benefits  
26 26 paid by the system following the termination of such federal  
26 27 disability benefits, plus interest. The system shall adopt  
26 28 rules pursuant to chapter 17A to implement this paragraph.

26 29 Sec. 39. Section 97B.50A, subsection 12, Code 2007, is  
26 30 amended to read as follows:

26 31 12. CONTRIBUTIONS. The expenses incurred in the  
26 32 administration of this section by the system shall be paid  
26 33 through contributions as determined pursuant to section  
26 34 ~~97B.49B, subsection 3, or section 97B.49C, subsection 3, as~~  
~~26 35 applicable 97B.11.~~

27 1 Sec. 40. Section 97B.52, subsection 1, paragraph a,  
27 2 unnumbered paragraphs 1 and 3, Code 2007, are amended to read  
27 3 as follows:

27 4 A lump sum payment equal to the accumulated contributions  
27 5 of the member at the date of death plus the product of an  
27 6 amount equal to the highest year of covered wages of the  
27 7 deceased member and the number of years of membership service  
27 8 divided by the applicable denominator. ~~However, a lump sum~~  
~~27 9 payment made to a beneficiary under this paragraph due to the~~  
~~27 10 death of a member shall not be less than the amount that would~~  
~~27 11 have been payable on the death of the member on June 30, 1984,~~  
~~27 12 under this paragraph as it appeared in the 1983 Code.~~

27 13 ~~Effective July 1, 1978, a method of payment under this~~  
~~27 14 paragraph filed with the system by a member does not apply.~~

27 15 Sec. 41. Section 97B.53B, Code 2007, is amended to read as  
27 16 follows:

27 17 97B.53B ROLLOVERS OF MEMBERS' ACCOUNTS.

27 18 1. As used in this section, unless the context otherwise  
27 19 requires, and to the extent permitted by the internal revenue  
27 20 service:

27 21 a. "Direct rollover" means a payment by the system to the  
27 22 eligible retirement plan specified by ~~the member or the~~  
~~27 23 member's surviving spouse an eligible person.~~

27 24 b. "Eligible person" means any of the following:

27 25 (1) The member.

27 26 (2) The member's surviving spouse.

27 27 (3) The member's spouse or former spouse as an alternate  
27 28 payee under a qualified domestic relations order.

27 29 (4) Effective January 1, 2007, the member's nonspouse

~~27 30 beneficiaries who are designated beneficiaries as defined by~~  
~~27 31 section 401(a)(9)(E) of the federal Internal Revenue Code, as~~  
~~27 32 authorized under section 829 of the federal Pension Protection~~  
~~27 33 Act of 2006.~~

~~27 34 c. "Eligible retirement plan" means either, for an~~  
~~27 35 eligible person, any of the following retirement plans that~~  
~~28 1 accepts can accept an eligible rollover distribution from a~~  
~~28 2 member or a member's surviving spouse that eligible person:~~

~~28 3 (1) An individual retirement account in accordance with~~  
~~28 4 section 408(a) of the federal Internal Revenue Code.~~

~~28 5 (2) An individual retirement annuity in accordance with~~  
~~28 6 section 408(b) of the federal Internal Revenue Code.~~

~~28 7 (3) In addition, an "eligible retirement plan" includes an~~  
~~28 8 An annuity plan in accordance with section 403(a) of the~~  
~~28 9 federal Internal Revenue Code, or a qualified trust in~~  
~~28 10 accordance with section 401(a) of the federal Internal Revenue~~  
~~28 11 Code, that accepts an eligible rollover distribution from a~~  
~~28 12 member.~~

~~28 13 (4) Effective January 1, 2002, the term "eligible~~  
~~28 14 retirement plan" also includes an annuity contract described~~  
~~28 15 in section 403(b) of the federal Internal Revenue Code, and an~~  
~~28 16 eligible plan under section 457(b) of the federal Internal~~  
~~28 17 Revenue Code which is maintained by a state, political~~  
~~28 18 subdivision of a state, or any agency or instrumentality of a~~  
~~28 19 state or political subdivision of a state that chooses to~~  
~~28 20 separately account for amounts transferred into such eligible~~  
~~28 21 retirement plan from the system.~~

~~28 22 (5) Effective January 1, 2008, a Roth individual~~  
~~28 23 retirement account or a Roth individual retirement annuity~~  
~~28 24 established under section 408A of the Internal Revenue Code.~~

~~28 25 e. d. (1) "Eligible rollover distribution" includes any~~  
~~28 26 of the following:~~

~~28 27 (a) All or any portion of a member's account and~~  
~~28 28 supplemental account.~~

~~28 29 (b) Effective January 1, 2002, after-tax employee~~  
~~28 30 contributions, if the plan to which such amounts are to be~~  
~~28 31 transferred is an individual retirement account described in~~  
~~28 32 federal Internal Revenue Code section 408(a) or 408(b), or is~~  
~~28 33 a qualified defined contribution plan described in federal~~  
~~28 34 Internal Revenue Code section 401(a) or 403(a), and such plan~~  
~~28 35 agrees to separately account for the after-tax amount so~~  
~~29 1 transferred.~~

~~29 2 (c) A distribution made on behalf of a surviving spouse~~  
~~29 3 and to an alternate payee, who is a spouse or former spouse,~~  
~~29 4 under a qualified domestic relations order. Effective January~~  
~~29 5 1, 2007, after-tax employee contributions to a qualified~~  
~~29 6 defined benefit plan described in federal Internal Revenue~~  
~~29 7 Code section 401(a) or 403(a), or a tax-sheltered annuity plan~~  
~~29 8 described in federal Internal Revenue Code section 403(b), and~~  
~~29 9 such plan agrees to separately account for the after-tax~~  
~~29 10 amount so transferred.~~

~~29 11 (2) An eligible rollover distribution does not include any~~  
~~29 12 of the following:~~

~~29 13 (a) A distribution that is one of a series of~~  
~~29 14 substantially equal periodic payments, which occur annually or~~  
~~29 15 more frequently, made for the life or life expectancy of the~~  
~~29 16 distributee or the joint lives or joint life expectancies of~~  
~~29 17 the distributee and the distributee's designated beneficiary,~~  
~~29 18 or made for a specified period of ten years or more.~~

~~29 19 (b) A distribution to the extent that the distribution is~~  
~~29 20 required pursuant to section 401(a)(9) of the federal Internal~~  
~~29 21 Revenue Code.~~

~~29 22 (c) Prior to January 1, 2002, the portion of any~~  
~~29 23 distribution that is not includible in the gross income of the~~  
~~29 24 distributee, determined without regard to the exclusion for~~  
~~29 25 net unrealized appreciation with respect to employer~~  
~~29 26 securities.~~

~~29 27 2. Effective January 1, 1993, a member or a member's~~  
~~29 28 surviving spouse An eligible person may elect, at the time and~~  
~~29 29 in the manner prescribed in rules adopted by the system and in~~  
~~29 30 rules of the receiving retirement plan, to have the system pay~~  
~~29 31 all or a portion of an eligible rollover distribution directly~~  
~~29 32 to an eligible retirement plan, specified by the member or the~~  
~~29 33 member's surviving spouse, in a direct rollover. However,~~  
~~29 34 effective January 1, 2007, if the eligible person is a~~  
~~29 35 nonspouse beneficiary as described in subsection 1, paragraph~~  
~~30 1 "b", subparagraph (4), the nonspouse beneficiary may only have~~  
~~30 2 a direct rollover of the distribution to an individual~~  
~~30 3 retirement account or annuity as described in subsection 1,~~  
~~30 4 paragraph "c", subparagraphs (1), (2), and (5), established~~  
~~30 5 for the purpose of receiving the distribution on behalf of the~~

30 6 nonspouse beneficiary, and such individual retirement account  
30 7 or annuity will be treated as an inherited individual  
30 8 retirement account or annuity pursuant to section 829 of the  
30 9 federal Pension Protection Act of 2006.

30 10 Sec. 42. Section 97B.65, Code 2007, is amended to read as  
30 11 follows:

30 12 97B.65 REVISION RIGHTS RESERVED == LIMITATION ON INCREASE  
30 13 OF BENEFITS == RATES OF CONTRIBUTION.

30 14 1. The right is reserved to the general assembly to alter,  
30 15 amend, or repeal any provision of this chapter or any  
30 16 application thereof to any person, provided, however, that to  
30 17 the extent of the funds in the retirement system the amount of  
30 18 benefits which at the time of any such alteration, amendment,  
30 19 or repeal shall have accrued to any member of the retirement  
30 20 system shall not be repudiated, provided further, however,  
30 21 that the amount of benefits accrued on account of prior  
30 22 service shall be adjusted to the extent of any unfunded  
30 23 accrued liability then outstanding.

30 24 2. An increase in the benefits or retirement allowances  
30 25 provided under this chapter shall not be enacted until after  
30 26 the system's actuary determines that the system is fully  
30 27 funded and will continue to be fully funded immediately  
30 28 following enactment of the increase and the increase can be  
30 29 absorbed within the contribution rates otherwise established  
30 30 for the membership group authorized to receive the increase.

30 31 However, an increase in the benefits or retirement allowances  
30 32 provided under this chapter may be enacted if the statutory  
30 33 change providing for the increase is accompanied by a change  
30 34 in the employer and employee contribution rates an adjustment  
30 35 in the required contribution rate of the membership group

31 1 affected that is necessary to support such increase as  
31 2 determined by the system's actuary.

31 3 Sec. 43. Section 97B.80C, subsection 1, paragraph a, Code  
31 4 2007, is amended to read as follows:

31 5 a. "Nonqualified service" means ~~service that is not~~  
31 6 ~~qualified service and includes, but is not limited to, any of~~  
31 7 the following:

31 8 (1) ~~Full-time volunteer public service in the federal~~  
31 9 ~~peace corps program. Service that is not qualified service.~~

31 10 (2) ~~Public employment comparable to employment covered~~  
31 11 ~~under this chapter in a qualified Canadian governmental entity~~  
31 12 ~~that is an elementary school, secondary school, college, or~~  
31 13 ~~university that is organized, administered, and primarily~~  
31 14 ~~supported by the provincial, territorial, or federal~~  
31 15 ~~governments of Canada, or any combination of the same. Any~~  
31 16 ~~period of time for which there was no performance of services.~~

31 17 (3) Service as described in subsection 1, paragraph "c",  
31 18 subparagraph (2).

31 19 Sec. 44. Section 97B.80C, subsection 2, Code 2007, is  
31 20 amended to read as follows:

31 21 2. a. A vested or retired member may make contributions  
31 22 to the retirement system to purchase up to the maximum amount  
31 23 of permissive service credit for qualified service as  
31 24 determined by the system, pursuant to Internal Revenue Code  
31 25 section 415(n), and the requirements of this section, and the  
31 26 system's administrative rules.

31 27 b. A vested or retired member of the retirement system ~~who~~  
31 28 ~~has five or more full calendar years of covered wages~~ may make  
31 29 contributions to the retirement system to purchase up to ~~five~~  
31 30 ~~years a maximum of twenty quarters~~ of permissive service  
31 31 credit for nonqualified service as determined by the system,  
31 32 pursuant to Internal Revenue Code section 415(n), and the  
31 33 requirements of this section, and the system's administrative  
31 34 rules. A vested or retired member must have at least twenty  
31 35 quarters of covered wages in order to purchase permissive  
32 1 service credit for nonqualified service.

32 2 c. A vested or retired member may convert regular member  
32 3 service credit to special service credit by payment of the  
32 4 amount actuarially determined as necessary to fund the  
32 5 resulting increase in the member's accrued benefit. The  
32 6 conversion shall be treated as a purchase of qualified service  
32 7 credit subject to the requirements of paragraph "a" if the  
32 8 service credit to be converted was or would have been for  
32 9 qualified service. The conversion shall be treated as a  
32 10 purchase of nonqualified service credit subject to the  
32 11 requirements of paragraph "b" if the service credit to be  
32 12 converted was purchased as nonqualified service credit.

32 13 Sec. 45. Section 97B.80C, subsection 3, Code 2007, is  
32 14 amended by adding the following new paragraph:

32 15 NEW PARAGRAPH. cc. For a member making contributions for  
32 16 a purchase of permissive service credit for qualified service

32 17 as described in subsection 1, paragraph "c", subparagraph (1),  
32 18 subparagraph subdivision (h), in which the member received, as  
32 19 a vested member, a refund of the member's accumulated  
32 20 contributions prior to July 1, 1998, the member shall receive  
32 21 a credit against the actuarial cost of the service purchase in  
32 22 an amount equal to the accumulated employer contributions of  
32 23 the member which were not paid to the member as a refund  
32 24 multiplied by a fraction of years of service for that member,  
32 25 determined as provided in section 97B.49A, 97B.49B, or  
32 26 97B.49C, as of the date the member received the refund, plus  
32 27 interest as calculated pursuant to section 97B.70.

32 28 Sec. 46. Section 97B.82, subsection 2, paragraph b,  
32 29 subparagraph (2), subparagraph subdivision (c), Code 2007, is  
32 30 amended to read as follows:

32 31 (c) The For rollover service purchases prior to January 1,  
32 32 2007, the portion of any distribution that is not includible  
32 33 in the gross income of the distributee, determined without  
32 34 regard to the exclusion for net unrealized appreciation with  
32 35 respect to employer securities.

33 1 For rollover service purchases on or after January 1, 2007,  
33 2 the portion of any distribution that is not includible in the  
33 3 gross income of the distributee, determined without regard to  
33 4 the exclusion for net unrealized appreciation with respect to  
33 5 employer securities, shall be treated as an eligible rollover  
33 6 distribution only when such portion is received from a  
33 7 qualified plan under section 401(a) or 403(a) of the federal  
33 8 Internal Revenue Code.

33 9 Sec. 47. Section 97B.82, subsection 3, Code 2007, is  
33 10 amended to read as follows:

33 11 3. A member may purchase any service credit as authorized  
33 12 by this section, to the extent permitted by the internal  
33 13 revenue service, by means of a direct transfer, ~~excluding of~~  
33 14 pretax amounts, and effective January 1, 2007, any after-tax  
33 15 contributions, from an annuity contract qualified under  
33 16 federal Internal Revenue Code section 403(b), or an eligible  
33 17 plan described in federal Internal Revenue Code section  
33 18 457(b), maintained by a state, political subdivision of a  
33 19 state, or any agency or instrumentality of a state or  
33 20 political subdivision of a state. A direct transfer is a  
33 21 trustee-to-trustee transfer to the retirement system of  
33 22 contributions made to annuity contracts qualified under  
33 23 federal Internal Revenue Code section 403(b) and eligible  
33 24 governmental plans qualified under federal Internal Revenue  
33 25 Code section 457(b) for purposes of purchasing service credit  
33 26 in the retirement system.

33 27 Sec. 48. Section 97B.73B, Code 2007, is repealed.

33 28 Sec. 49. TRANSITION PROVISION == REQUIRED CONTRIBUTION  
33 29 RATE FOR FISCAL YEAR 2010=2011. For purposes of establishing  
33 30 the required contribution rate for the fiscal year beginning  
33 31 July 1, 2011, as provided in section 97B.11, as amended in  
33 32 this Act, the required contribution rate for the fiscal year  
33 33 beginning July 1, 2010, shall be, for members in regular  
33 34 service, members described in section 97B.49B, and members  
33 35 described in section 97B.49C, the total contribution

34 1 percentage rate paid by members and employers of that  
34 2 membership group for the fiscal year beginning July 1, 2010.

34 3 Sec. 50. IMPLEMENTATION PROVISION. Notwithstanding any  
34 4 provision of section 97B.65 to the contrary, the provisions of  
34 5 this division of this Act shall be enacted and implemented by  
34 6 the Iowa public employees' retirement system upon the  
34 7 effective dates provided for the provisions of this division  
34 8 of this Act.

34 9 Sec. 51. EFFECTIVE DATES == RETROACTIVE APPLICABILITY.

34 10 1. The sections of this Act amending section 97B.49B,  
34 11 subsection 3, section 97B.49C, subsection 3, section 97B.50A,  
34 12 subsection 12, and section 97B.65 take effect July 1, 2011.

34 13 2. The section of this Act amending section 97B.53B, being  
34 14 deemed of immediate importance, takes effect upon enactment,  
34 15 and, except as otherwise stated, is retroactively applicable  
34 16 to January 1, 2007, and is applicable on and after that date.

34 17 3. The sections of this Act amending section 97B.82, being  
34 18 deemed of immediate importance, take effect upon enactment,  
34 19 and are retroactively applicable to January 1, 2007, and are  
34 20 applicable on and after that date.

34 21 DIVISION III

34 22 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM

34 23 Sec. 52. Section 411.5, subsections 10 and 11, Code 2007,  
34 24 are amended to read as follows:

34 25 10. ACTUARIAL INVESTIGATION == TABLES == RATES. At least  
34 26 once in each five-year period, the actuary shall make an  
34 27 actuarial investigation into the mortality, service, and

34 28 compensation experience of the members and beneficiaries of  
34 29 the retirement system, and the interest and other earnings on  
34 30 the moneys and other assets of the retirement system, and  
34 31 shall make a valuation of the assets and liabilities of the  
34 32 fire and police retirement fund, and on the basis of the  
34 33 results of the investigation and valuation, the system shall  
34 34 ~~do all of the following:~~  
34 35 ~~a. Adopt~~ adopt for the retirement system such actuarial  
35 1 methods and assumptions, interest rate, and mortality and  
35 2 other tables as are deemed necessary to conduct the annual  
35 3 actuarial valuation of the system.  
35 4 ~~b. Certify the rates of contribution payable by the cities~~  
35 5 ~~in accordance with section 411.8.~~  
35 6 ~~c. Certify the rates of contributions payable by the~~  
35 7 ~~members in accordance with section 411.8.~~  
35 8 11. ANNUAL ACTUARIAL VALUATION.  
35 9 a. On the basis of the actuarial methods and assumptions,  
35 10 rate of interest and tables adopted, the actuary shall make an  
35 11 annual valuation of the assets and liabilities of the fire and  
35 12 police retirement fund created by this chapter. As a result  
35 13 of the annual actuarial valuation, the system shall do all of  
35 14 the following:  
35 15 (1) Certify the rates of contribution payable by the  
35 16 cities in accordance with section 411.8.  
35 17 (2) Certify the rates of contributions payable by the  
35 18 members in accordance with section 411.8.  
35 19 b. Effective with the fiscal year beginning July 1, 2008,  
35 20 the annual actuarial valuation required to be conducted shall  
35 21 include information as required by section 97D.5.  
35 22 Sec. 53. Section 411.8, subsection 1, paragraph b, Code  
35 23 2007, is amended to read as follows:  
35 24 b. On the basis of the actuarial methods and assumptions,  
35 25 rate of interest, and of the mortality, interest and other  
35 26 tables adopted by the system, the actuary engaged by the  
35 27 system to make each valuation required by this chapter  
35 28 pursuant to the requirements of section 411.5, shall  
35 29 immediately after making such valuation, determine the "normal  
35 30 contribution rate". Except as otherwise provided in this  
35 31 lettered paragraph, the normal contribution rate shall be the  
35 32 rate percent of the earnable compensation of all members  
35 33 obtained by deducting from the total liabilities of the fund  
35 34 the amount of the funds in hand to the credit of the fund and  
35 35 dividing the remainder by one percent of the present value of  
36 1 the prospective future compensation of all members as computed  
36 2 on the basis of the rate of interest and of mortality and  
36 3 service tables adopted, all equal to the rate required by the  
36 4 system to discharge its liabilities, stated as a percentage of  
36 5 the earnable compensation of all members, and reduced by the  
36 6 employee contribution made pursuant to rate provided in  
36 7 paragraph "f" of this subsection and the contribution rate  
36 8 representing the state appropriation made as provided in  
36 9 section 411.20. However, the normal rate of contribution  
36 10 shall not be less than seventeen percent.  
36 11 Beginning July 1, 1996, and each fiscal year thereafter,  
36 12 the normal contribution rate shall be the rate percent of the  
36 13 earnable compensation of all members obtained by deducting  
36 14 from the total liabilities of the fund the amount of the funds  
36 15 in hand to the credit of the fund and dividing the remainder  
36 16 by one percent of the present value of the prospective future  
36 17 compensation of all members as computed on the basis of the  
36 18 rate of interest and of mortality and service tables adopted,  
36 19 multiplied by six-tenths, or seventeen percent, whichever is  
36 20 greater.  
36 21 The normal rate of contribution shall be determined by the  
36 22 actuary after each valuation.  
36 23 Sec. 54. NEW SECTION. 411.10 PURCHASE OF SERVICE CREDIT  
36 24 FOR MILITARY SERVICE.  
36 25 1. An active member of the system who has been a member of  
36 26 the retirement system five or more years may elect to purchase  
36 27 up to five years of service credit for military service, other  
36 28 than military service required to be recognized under Internal  
36 29 Revenue Code section 414(u) or under the federal Uniformed  
36 30 Services Employment and Reemployment Rights Act, that will be  
36 31 recognized by the retirement system for purposes of  
36 32 calculating a member's benefit, pursuant to Internal Revenue  
36 33 Code section 415(n) and the requirements of this section.  
36 34 2. a. A member seeking to purchase service credit  
36 35 pursuant to this section shall file a written application with  
37 1 the system requesting an actuarial determination of the cost  
37 2 of a purchase of service credit. Upon receipt of the cost  
37 3 estimate for the purchase of service from the system, the



37 4 member may make contributions to the system in an amount equal  
37 5 to the actuarial cost of the service credit purchase.  
37 6 b. For purposes of this subsection, the actuarial cost of  
37 7 the service credit purchase is an amount determined by the  
37 8 system in accordance with actuarial tables, as reported to the  
37 9 system by the system's actuary, which reflects the actuarial  
37 10 cost necessary to fund an increased retirement allowance  
37 11 resulting from the purchase of service credit.

37 12 3. The system shall ensure that the member, in exercising  
37 13 an option provided in this section, does not exceed the amount  
37 14 of annual additions to a member's account permitted pursuant  
37 15 to section 415 of the federal Internal Revenue Code.

37 16 4. The board of trustees shall adopt rules providing for  
37 17 the implementation and administration of this section.

#### 37 18 DIVISION IV

#### 37 19 JUDICIAL RETIREMENT SYSTEM

37 20 Sec. 55. Section 602.9104, subsection 1, paragraph b, Code  
37 21 2007, is amended to read as follows:

37 22 b. The state shall contribute annually to the judicial  
37 23 retirement fund an amount equal to the state's required  
37 24 contribution for all judges covered under this article. ~~The~~  
~~37 25 state's required contribution shall be appropriated directly~~  
~~37 26 to the judicial retirement fund by the general assembly.~~

37 27 Sec. 56. Section 602.9104, subsection 4, paragraphs b, c,  
37 28 d, and e, Code 2007, are amended to read as follows:

37 29 b. "Fully funded status" means that the most recent  
37 30 actuarial valuation reflects that, ~~using the projected unit~~  
~~37 31 credit method in accordance with generally recognized and~~  
~~37 32 accepted actuarial principles and practices set forth by the~~  
~~37 33 American academy of actuaries,~~ the funded status of the system  
37 34 is at least ninety one hundred percent, based upon the  
37 35 benefits provided for judges through the judicial retirement  
38 1 system as of July 1, 2006.

38 2 c. "Judge's required contribution" means an amount equal  
38 3 to the basic salary of the judge multiplied by the following  
38 4 applicable percentage:

38 5 (1) For the fiscal year beginning July 1, 2008, and ending  
38 6 June 30, 2009, seven and seven-tenths percent.

38 7 (2) For the fiscal year beginning July 1, 2009, and ending  
38 8 June 30, 2010, eight and seven-tenths percent.

38 9 ~~(1)~~ (3) For the fiscal year beginning July 1, ~~2006~~ 2010,  
38 10 and for each subsequent fiscal year until the system attains  
38 11 fully funded status, ~~six percent multiplied by a fraction~~  
~~38 12 equal to the actual percentage rate contributed by the state~~  
~~38 13 for that fiscal year divided by twenty-three and seven-tenths~~  
~~38 14 percent~~ nine and thirty-five hundredths percent.

38 15 ~~(2)~~ (4) Commencing with the first fiscal year in which  
38 16 the system attains fully funded status, and for each  
38 17 subsequent fiscal year, the percentage rate equal to ~~fifty~~  
38 18 forty percent of the required contribution rate.

38 19 d. "Required contribution rate" means that percentage of  
38 20 the basic salary of all judges covered under this article  
38 21 ~~which the actuary of the system determines is necessary, using~~  
~~38 22 the projected unit credit method in accordance with generally~~  
~~38 23 recognized and accepted actuarial principles and practices set~~  
~~38 24 forth by the American academy of actuaries, to amortize the~~  
~~38 25 unfunded actuarial liability of the judicial retirement system~~  
~~38 26 within twenty years equal to the actuarially required~~  
38 27 contribution rate determined by the actuary pursuant to  
38 28 section 602.9116.

38 29 e. "State's required contribution" means an amount equal  
38 30 to the basic salary of all judges covered under this article  
38 31 multiplied by the following applicable percentage:

38 32 (1) For the fiscal year beginning July 1, 2006 2008, and  
38 33 for each subsequent fiscal year until the system attains fully  
38 34 funded status, ~~twenty-three and seven-tenths~~ thirty and  
38 35 six-tenths percent.

39 1 (2) Commencing with the first fiscal year in which the  
39 2 system attains fully funded status, and for each subsequent  
39 3 fiscal year, the percentage rate equal to ~~fifty~~ sixty percent  
39 4 of the required contribution rate.

39 5 Sec. 57. Section 602.9116, subsection 1, Code Supplement  
39 6 2007, is amended to read as follows:

39 7 1. The court administrator shall cause an actuarial  
39 8 valuation to be made of the assets and liabilities of the  
39 9 judicial retirement fund at least once every four years  
39 10 commencing with the fiscal year beginning July 1, 1981. For  
39 11 each fiscal year in which an actuarial valuation is not  
39 12 conducted, the court administrator shall cause an annual  
39 13 actuarial update to be prepared for the purpose of determining  
39 14 the adequacy of the contribution rates specified in section

39 15 602.9104. The court administrator shall adopt actuarial  
39 16 methods and assumptions, mortality tables, and other necessary  
39 17 factors for use in the actuarial calculations required for the  
39 18 valuation upon the recommendation of the actuary. In  
39 19 addition, effective with the fiscal year beginning July 1,  
39 20 2008, the actuarial valuation or actuarial update required to  
39 21 be conducted shall include information as required by section  
39 22 97D.5. Following the actuarial valuation or annual actuarial  
39 23 update, the court administrator shall determine the condition  
39 24 of the system, determine the actuarially required contribution  
39 25 rate for each fiscal year which is the rate required by the  
39 26 system to discharge its liabilities, stated as a percentage of  
39 27 the basic salary of all judges covered under this article, and  
39 28 shall report any findings and recommendations to the general  
39 29 assembly.

39 30 DIVISION V

39 31 MISCELLANEOUS PROVISIONS

39 32 Sec. 58. Section 8A.438, Code 2007, is amended by striking  
39 33 the section and inserting in lieu thereof the following:

39 34 8A.438 TAX-SHELTERED INVESTMENT CONTRACTS.

39 35 1. The director may establish a tax-sheltered investment  
40 1 program for eligible employees. The director may arrange for  
40 2 the provision of investment vehicles authorized under section  
40 3 403(b) of the Internal Revenue Code, as defined in section  
40 4 422.3. The department may offer the tax-sheltered investment  
40 5 program to eligible public employers in the state of Iowa.

40 6 2. a. A special, separate tax-sheltered investment  
40 7 revolving trust fund is created in the state treasury under  
40 8 the control of the department. The fund shall consist of all  
40 9 moneys deposited in the fund pursuant to this section, any  
40 10 funds received from other entities in the state of Iowa, and  
40 11 interest and earnings thereon. The director is the trustee of  
40 12 the fund and shall administer the fund. Any loss to the fund  
40 13 shall be charged against the fund and the director shall not  
40 14 be personally liable for such loss.

40 15 b. Moneys in the fund are not subject to section 8.33.

40 16 Notwithstanding section 12C.7, subsection 2, interest or  
40 17 earnings on moneys in the fund shall be credited to the fund.

40 18 Sec. 59. Section 55.1, unnumbered paragraph 1, Code 2007,  
40 19 is amended to read as follows:

40 20 A person who is elected to a municipal, county, state, or  
40 21 federal office shall, upon written application to the employer  
40 22 of that person, be granted a leave of absence from regular  
40 23 employment to serve in that office except where prohibited by  
40 24 the federal law. The leave of absence may be granted without  
40 25 pay ~~and, except that if a salaried employee takes leave~~

40 26 ~~without pay from regular employment for a portion of a pay~~  
40 27 ~~period, the employee's salaried compensation for that pay~~  
40 28 ~~period shall be reduced by the ratio of the number of days of~~  
40 29 ~~leave taken to the total number of days in the pay period.~~

40 30 ~~The leave of absence shall be granted without loss of net~~  
40 31 ~~credited service and benefits earned. This section shall not~~  
40 32 ~~be construed to require an employer to pay pension, health or~~  
40 33 ~~other benefits during the leave of absence to an employee~~  
40 34 ~~taking a leave of absence under this section.~~

40 35 Sec. 60. Section 55.1, unnumbered paragraph 3, Code 2007,  
41 1 is amended to read as follows:

41 2 An employee shall not be prohibited from returning to  
41 3 regular employment before the period expires for which the  
41 4 leave of absence was granted. This section applies only to  
41 5 employers which employ twenty or more full-time persons. ~~The~~  
41 6 ~~leave of absence granted by this section need not exceed six~~  
41 7 ~~years.~~ The leave of absence granted by this section does not  
41 8 apply to an elective office held by the employee prior to the  
41 9 election.

41 10 Sec. 61. Section 97C.21, Code 2007, is amended to read as  
41 11 follows:

41 12 97C.21 VOLUNTARY COVERAGE OF ELECTED OFFICIALS.

41 13 Notwithstanding any provision of this chapter to the  
41 14 contrary, an employer of elected officials otherwise excluded  
41 15 from the definition of employee as provided in section 97C.2,  
41 16 may, but is not required to, choose to provide benefits to  
41 17 those elected officials as employees as provided by this  
41 18 chapter. Alternatively, the governor may authorize a  
41 19 statewide referendum of the appointed and elected officials of  
41 20 the state and its political subdivisions on the question of  
41 21 whether to include in or exclude from the definition of  
41 22 employee all such positions. This choice shall be reflected  
41 23 in the federal-state agreement described in section 97C.3,  
41 24 and, if necessary, in this chapter. An employer who is  
41 25 providing benefits to elected officials otherwise excluded

41 26 from the definition of employee prior to July 1, 2002, shall  
41 27 not be deemed to be in an erroneous reporting situation, and  
41 28 corrections for prior federal social security withholdings  
41 29 shall not be required. The implementation of this section  
41 30 shall be subject to the approval of the federal social  
41 31 security administration.

41 32 Sec. 62. Section 97D.2, Code 2007, is amended to read as  
41 33 follows:

41 34 97D.2 ANALYSIS OF COST OF PROPOSED CHANGES.

41 35 When the public retirement systems committee established by  
42 1 section 97D.4 or a standing committee of the senate or house  
42 2 of representatives recommends a proposal for a change in a  
42 3 public retirement system within this state, the committee  
42 4 shall require the development of actuarial information  
42 5 concerning the costs of the proposed change. If the proposal  
42 6 affects police and fire retirement under chapter 411, the  
42 7 committee shall arrange for the services of an actuarial  
42 8 consultant or request actuarial information from the statewide  
42 9 fire and police retirement system created in chapter 411 to  
42 10 assist in developing the information. Actuarial information  
42 11 developed as provided under this section concerning the cost  
42 12 of a proposed change shall include information on the effect  
42 13 of the proposed change on the normal cost rate for that public  
42 14 retirement system using the entry age normal actuarial cost  
42 15 method.

42 16 Sec. 63. NEW SECTION. 97D.5 PUBLIC RETIREMENT SYSTEMS ==  
42 17 ANNUAL ACTUARIAL VALUATIONS == REQUIRED INFORMATION.

42 18 1. For purposes of this section, "public retirement  
42 19 system" means the public safety peace officers' retirement  
42 20 system created in chapter 97A, the Iowa public employees'  
42 21 retirement system created in chapter 97B, the statewide fire  
42 22 and police retirement system created in chapter 411, or the  
42 23 judicial retirement system created in chapter 602.

42 24 2. Effective with the fiscal year beginning July 1, 2008,  
42 25 a public retirement system shall include in each actuarial  
42 26 valuation or actuarial update required to be conducted by that  
42 27 public retirement system the following additional information,  
42 28 all as determined by using the entry age normal actuarial cost  
42 29 method:

42 30 a. The actuarially required contribution rate for the  
42 31 public retirement system which is equal to the normal cost  
42 32 rate plus the contribution rate necessary to amortize the  
42 33 unfunded actuarial accrued liability on a level percent of  
42 34 payroll basis over thirty years.

42 35 b. The normal cost rate for the public retirement system  
43 1 which shall be determined for each individual member on a  
43 2 level percentage of salary basis and then summed for all  
43 3 members to obtain the total normal cost.

43 4 Sec. 64. Section 260C.14, subsection 9, Code 2007, is  
43 5 amended by striking the subsection and inserting in lieu  
43 6 thereof the following:

43 7 9. a. The board may establish a plan, in accordance with  
43 8 section 403(b) of the Internal Revenue Code, as defined in  
43 9 section 422.3, for employees, which plan shall consist of one  
43 10 or more investment contracts, on a group or individual basis,  
43 11 acquired from a company, or a salesperson for that company,  
43 12 that is authorized to do business in this state.

43 13 b. The selection of investment contracts to be included  
43 14 within the plan established by the board shall be made either  
43 15 pursuant to a competitive bidding process conducted by the  
43 16 board, in coordination with employee organizations  
43 17 representing employees eligible to participate in the plan, or  
43 18 pursuant to an agreement with the department of administrative  
43 19 services to make available investment contracts included in a  
43 20 deferred compensation or similar plan established by the  
43 21 department pursuant to section 8A.438, which plan meets the  
43 22 requirements of this subsection. The determination of whether  
43 23 to select investment contracts for the plan pursuant to a  
43 24 competitive bidding process or by agreement with the  
43 25 department of administrative services shall be made by  
43 26 agreement between the board and the employee organizations  
43 27 representing employees eligible to participate in the plan.

43 28 c. The board may make elective deferrals in accordance  
43 29 with the plan as authorized by an eligible employee for the  
43 30 purpose of making contributions to an investment contract in  
43 31 the plan on behalf of the employee. The deferrals shall be  
43 32 made in the manner which will qualify contributions to the  
43 33 investment contract for the benefits under section 403(b) of  
43 34 the Internal Revenue Code, as defined in section 422.3. In  
43 35 addition, the board may make nonelective employer  
44 1 contributions to the plan.

44 2 d. As used in this subsection, unless the context  
44 3 otherwise requires, "investment contract" shall mean a  
44 4 custodial account utilizing mutual funds or an annuity  
44 5 contract which meets the requirements of section 403(b) of the  
44 6 Internal Revenue Code, as defined in section 422.3.  
44 7 Sec. 65. Section 273.3, subsection 14, Code 2007, is  
44 8 amended by striking the subsection and inserting in lieu  
44 9 thereof the following:  
44 10 14. a. The board may establish a plan, in accordance with  
44 11 section 403(b) of the Internal Revenue Code, as defined in  
44 12 section 422.3, for employees, which plan shall consist of one  
44 13 or more investment contracts, on a group or individual basis,  
44 14 acquired from a company, or a salesperson for that company,  
44 15 that is authorized to do business in this state.  
44 16 b. The selection of investment contracts to be included  
44 17 within the plan established by the board shall be made either  
44 18 pursuant to a competitive bidding process conducted by the  
44 19 board, in coordination with employee organizations  
44 20 representing employees eligible to participate in the plan, or  
44 21 pursuant to an agreement with the department of administrative  
44 22 services to make available investment contracts included in a  
44 23 deferred compensation or similar plan established by the  
44 24 department pursuant to section 8A.438, which plan meets the  
44 25 requirements of this subsection. The determination of whether  
44 26 to select investment contracts for the plan pursuant to a  
44 27 competitive bidding process or by agreement with the  
44 28 department of administrative services shall be made by  
44 29 agreement between the board and the employee organizations  
44 30 representing employees eligible to participate in the plan.  
44 31 c. The board may make elective deferrals in accordance  
44 32 with the plan as authorized by an eligible employee for the  
44 33 purpose of making contributions to the investment contract on  
44 34 behalf of the employee. The deferrals shall be made in the  
44 35 manner which will qualify contributions to the investment  
45 1 contract for the benefits under section 403(b) of the Internal  
45 2 Revenue Code, as defined in section 422.3. In addition, the  
45 3 board may make nonelective employer contributions to the plan.  
45 4 d. As used in this subsection, unless the context  
45 5 otherwise requires, "investment contract" shall mean a  
45 6 custodial account utilizing mutual funds or an annuity  
45 7 contract which meets the requirements of section 403(b) of the  
45 8 Internal Revenue Code, as defined in section 422.3.  
45 9 Sec. 66. Section 294.16, Code 2007, is amended by striking  
45 10 the section and inserting in lieu thereof the following:  
45 11 294.16 INVESTMENT CONTRACTS.  
45 12 1. The school district may establish a plan, in accordance  
45 13 with section 403(b) of the Internal Revenue Code, as defined  
45 14 in section 422.3, for employees, which plan shall consist of  
45 15 one or more investment contracts, on a group or individual  
45 16 basis, acquired from a company, or a salesperson for that  
45 17 company, that is authorized to do business in this state.  
45 18 2. The selection of investment contracts to be included  
45 19 within the plan established by the school district shall be  
45 20 made either pursuant to a competitive bidding process  
45 21 conducted by the school district, in coordination with  
45 22 employee organizations representing employees eligible to  
45 23 participate in the plan, or pursuant to an agreement with the  
45 24 department of administrative services to make available  
45 25 investment contracts included in a deferred compensation or  
45 26 similar plan established by the department pursuant to section  
45 27 8A.438, which plan meets the requirements of this section.  
45 28 The determination of whether to select investment contracts  
45 29 for the plan pursuant to a competitive bidding process or by  
45 30 agreement with the department of administrative services shall  
45 31 be made by agreement between the school district and the  
45 32 employee organizations representing employees eligible to  
45 33 participate in the plan.  
45 34 3. The school district may make elective deferrals and in  
45 35 accordance with the plan as authorized by an eligible employee  
46 1 for the purpose of making contributions to the investment  
46 2 contract on behalf of the employee. The deferrals shall be  
46 3 made in the manner which will qualify contributions to the  
46 4 investment contract for the benefits under section 403(b) of  
46 5 the Internal Revenue Code, as defined in section 422.3. In  
46 6 addition, the school district may make nonelective employer  
46 7 contributions to the plan.  
46 8 4. As used in this section, unless the context otherwise  
46 9 requires, "investment contract" shall mean a custodial account  
46 10 utilizing mutual funds or an annuity contract which meets the  
46 11 requirements of section 403(b) of the Internal Revenue Code,  
46 12 as defined in section 422.3.

46 13 Sec. 67. TRANSITION PROVISIONS == INTERNAL REVENUE CODE  
46 14 SECTION 403(b) PLANS. Notwithstanding any provision of law to  
46 15 the contrary, the investment contracts to be included within a  
46 16 plan established pursuant to section 260C.14, subsection 9,  
46 17 section 273.3, subsection 14, or section 294.16, for the  
46 18 period beginning January 1, 2009, and ending December 31,  
46 19 2009, shall be investment contracts selected by the department  
46 20 of administrative services from among the investment contracts  
46 21 included in a deferred compensation or similar plan  
46 22 established by the department of administrative services,  
46 23 which plan meets the requirements of section 403(b) of the  
46 24 Internal Revenue Code, as defined in section 422.3, or shall  
46 25 be from no more than five companies authorized to issue  
46 26 investment contracts as selected by the applicable employer  
46 27 and from no more than three companies authorized to issue  
46 28 investment contracts as selected by, and in the sole  
46 29 discretion of, the employee organizations representing the  
46 30 applicable employer's employees. Selection of companies and  
46 31 investment contracts for a plan shall be made in the best  
46 32 interests of employees eligible to participate in the plan.  
46 33 The determination of whether to select investment contracts  
46 34 for the plan for the period beginning January 1, 2009, and  
46 35 ending December 31, 2009, that are included in a deferred  
47 1 compensation or similar plan established by the department of  
47 2 administrative services or that are selected by the applicable  
47 3 employer and the employee organizations representing the  
47 4 applicable employer's employees, shall be made by an agreement  
47 5 entered into by August 15, 2008, between the applicable  
47 6 employer and the employee organizations representing the  
47 7 applicable employer's employees eligible to participate in the  
47 8 plan. Applicable employers shall have the authority to take  
47 9 such action as deemed necessary to establish, effective  
47 10 January 1, 2009, an eligible plan pursuant to section 260C.14,  
47 11 subsection 9, section 273.3, subsection 14, or section 294.16.

47 12 Sec. 68. DEPARTMENT OF ADMINISTRATIVE SERVICES ==  
47 13 SELECTION OF INVESTMENT CONTRACT PROVIDERS FOR INTERNAL  
47 14 REVENUE CODE SECTION 403(b) PLANS.  
47 15 1. The department of administrative services shall  
47 16 establish, by January 1, 2010, a plan, as authorized pursuant  
47 17 to section 8A.438 and in accordance with section 403(b) of the  
47 18 Internal Revenue Code, as defined in section 422.3, for  
47 19 employees, which plan shall consist of one or more investment  
47 20 contracts, on a group or individual basis, acquired from a  
47 21 company, or a salesperson for that company, that is authorized  
47 22 to do business in this state, that is eligible to be utilized  
47 23 as a vendor of investment contracts for plans established  
47 24 pursuant to section 260C.14, subsection 9, section 273.3,  
47 25 subsection 14, or section 294.16.

47 26 2. The department of administrative services shall  
47 27 determine which vendors will be authorized to participate  
47 28 under the tax-sheltered investment program established by the  
47 29 department pursuant to section 8A.438. Employee organizations  
47 30 representing employees and employers participating in the  
47 31 programs authorized under sections 8A.433 and 8A.438 shall be  
47 32 allowed to assist the department in this decision, specific  
47 33 only to the initial competitive bid process that will  
47 34 determine the vendors that will be in the program as of  
47 35 January 1, 2010.

48 1 3. As used in this section, unless the context otherwise  
48 2 requires, "investment contract" shall mean a custodial account  
48 3 utilizing mutual funds or an annuity contract which meets the  
48 4 requirements of section 403(b) of the Internal Revenue Code,  
48 5 as defined in section 422.3.

48 6 Sec. 69. EFFECTIVE DATE.

48 7 1. The sections of this division of this Act amending  
48 8 section 260C.14, subsection 9, section 273.3, subsection 14,  
48 9 and section 294.16, take effect January 1, 2009.

48 10 2. The section of this division of this Act, enacting  
48 11 transition provisions relating to plans required to meet  
48 12 requirements for Internal Revenue Code section 403(b) plans,  
48 13 being deemed of immediate importance, takes effect upon  
48 14 enactment.

#### 48 15 EXPLANATION

48 16 This bill makes numerous changes to public retirement  
48 17 systems, including the public safety peace officers'  
48 18 retirement, accident, and disability system, the Iowa public  
48 19 employees' retirement system, the statewide fire and police  
48 20 retirement system, and the judicial retirement system, as well  
48 21 as other employee benefit matters. The bill may include a  
48 22 state mandate as defined in Code section 25B.3. The state  
48 23 mandate funding requirement in Code section 25B.2, however,

48 24 does not apply to public employee retirement systems. The  
48 25 changes to each public retirement system as well as other  
48 26 employee benefit-related matters are as follows:  
48 27 PEACE OFFICERS' RETIREMENT, ACCIDENT, AND DISABILITY SYSTEM  
48 28 (PORS). The bill eliminates references in Code chapter 97A to  
48 29 the pension accumulation fund, pension reserve fund, and the  
48 30 expense fund as separate funds of PORS and provides that the  
48 31 assets of PORS are in one retirement fund.

48 32 Code section 97A.4 is amended to provide that an active  
48 33 member of PORS can have service credited under PORS for  
48 34 service in a city fire and police retirement system operating  
48 35 under Code chapter 411 prior to those systems' consolidation  
49 1 on January 1, 1992, if the person was not eligible to transfer  
49 2 that service from the Code chapter 411 system to PORS and the  
49 3 member applies for service by June 30, 2009. The bill also  
49 4 provides that contribution rates of members shall not be  
49 5 increased to provide for this benefit and a member eligible  
49 6 for service credit as provided in this provision, who  
49 7 purchased such service pursuant to Code section 97A.10, shall,  
49 8 by applying for service credit by October 1, 2008, be  
49 9 reimbursed by the retirement system for the contributions made  
49 10 by the member to purchase the service.

49 11 Code section 97A.5(8), concerning the medical board for the  
49 12 system, is amended to provide that the board of trustees can  
49 13 designate a single medical provider network as the medical  
49 14 board of the system. The bill provides that disability  
49 15 examinations shall be conducted by a physician from the  
49 16 medical board specializing in occupational medicine and a  
49 17 second physician selected by the occupational medicine  
49 18 physician in an appropriate field of medicine. Current law  
49 19 provides for a three-physician medical board.

49 20 Code section 97A.5(11) and (12), concerning the actuarial  
49 21 investigation and valuation of the system, is amended to  
49 22 provide that the board of trustees shall select the actuarial  
49 23 cost method to be used in conducting the annual actuarial  
49 24 valuation of the system. A corresponding change in Code  
49 25 section 97A.8 is made to eliminate the requirement that the  
49 26 aggregate cost method be used.

49 27 Code section 97A.6(7), concerning the reexamination of  
49 28 beneficiaries retired due to disability, is amended to provide  
49 29 that a member's disability retirement shall cease if the  
49 30 disabled member is under age 55 and becomes employed in  
49 31 another public safety occupation.

49 32 Code section 97A.8(1)(b), concerning the determination of  
49 33 the contribution rate paid by the state to the PORS retirement  
49 34 fund, is amended. The bill provides that the determination of  
49 35 the "normal contribution rate" paid by the state shall be  
50 1 based upon the actuarial valuation of the system using the  
50 2 actuarial cost method selected by the board of trustees and  
50 3 eliminates the requirement that the actuarial valuation use  
50 4 the aggregate cost actuarial method in calculating this rate.  
50 5 The bill further provides that notwithstanding this  
50 6 calculation, the state's normal contribution rate shall  
50 7 increase from the current minimum 17 percent rate by 2  
50 8 percentage points per fiscal year, beginning July 1, 2008,  
50 9 until reaching a maximum of 27 percent in the fiscal year  
50 10 beginning July 1, 2012. Beginning July 1, 2012, the state's  
50 11 contribution rate for a fiscal year shall be the lesser of 27  
50 12 percent or the normal contribution rate calculated pursuant to  
50 13 the actuarial valuation of the system.

50 14 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS). Code  
50 15 section 97B.1A(20), concerning the definition of service, is  
50 16 amended to provide that service includes a period of military  
50 17 service from which the IPERS member does not return to IPERS  
50 18 covered service due to injury or disease resulting in death.  
50 19 Currently, a member must return to covered employment from  
50 20 military service in order to receive service credit for the  
50 21 period of military service.

50 22 Code section 97B.1A(26), concerning the definition of  
50 23 wages, is amended to exclude bonuses and allowances, except  
50 24 allowances included as wages for members of the general  
50 25 assembly, from the definition of wages.

50 26 Code section 97B.4(2), concerning the authority of the  
50 27 system in administering IPERS, is amended to provide that  
50 28 IPERS is not a participating agency for purposes of  
50 29 information technology services under the department of  
50 30 administrative services.

50 31 Code section 97B.7(3), concerning the payment of investment  
50 32 management expenses from the retirement fund, is amended to  
50 33 eliminate the cap on the amount authorized to be expended to  
50 34 pay investment management expenses during a fiscal year. The

50 35 current cap is four-tenths of one percent of the market value  
51 1 of the retirement fund.

51 2 Code section 97B.9 is amended to set the fee for late  
51 3 contributions at the greater of \$20 per occurrence or interest  
51 4 at the combined interest and dividend rate required under Code  
51 5 section 97B.70. Currently, an employer is charged the greater  
51 6 of \$10 per occurrence or interest at the combined interest and  
51 7 dividend rate required under Code section 97B.70. The Code  
51 8 section is also amended to make civil actions to collect  
51 9 unpaid contributions from employers permissive.

51 10 Code section 97B.10, concerning the crediting of erroneous  
51 11 contributions, is amended to eliminate a provision awarding  
51 12 interest on a credit for contributions paid prior to an  
51 13 individual's decision to elect out of IPERS coverage.

51 14 Code section 97B.11, concerning contributions to the system  
51 15 by employers and employees, is amended. Beginning July 1,  
51 16 2011, IPERS will determine a required contribution rate for  
51 17 each membership group, including members in regular service,  
51 18 which is the contribution rate the system actuarially  
51 19 determines is the rate required by the system to discharge its  
51 20 liabilities as to that membership group as a percentage of the  
51 21 covered wages of members in that membership category.  
51 22 However, the bill provides that the required contribution rate  
51 23 for each membership group in a fiscal year shall not vary by  
51 24 more than one-half percentage point from the required  
51 25 contribution rate for the previous year. The bill then  
51 26 provides that, for members in regular service under IPERS, the  
51 27 employers shall pay 60 percent of the rate and members shall  
51 28 pay 40 percent of the rate. While current law provides for an  
51 29 actuarial determination of the rates for members in each of  
51 30 the special service categories, the contribution rate for  
51 31 members in regular service is fixed. As a result of this  
51 32 change, Code sections 97B.49B(3) and 97B.49C(3) are amended,  
51 33 effective July 1, 2011, by repealing that portion of each Code  
51 34 section that sets contribution rates for special service  
51 35 members to reflect that the establishment of those rates is  
52 1 done by the bill through amendment to Code section 97B.11 as  
52 2 of July 1, 2011.

52 3 Code section 97B.14 is amended by eliminating an exception  
52 4 that permitted small employers with total monthly  
52 5 contributions of \$100 or less to pay those contributions  
52 6 quarterly rather than monthly. The bill requires all  
52 7 employers to pay contributions monthly, regardless of the  
52 8 amount of the contributions.

52 9 Code section 97B.33, concerning payments made to an  
52 10 individual arising out of a decision by the system or a court,  
52 11 is amended to provide that the system may make the payment  
52 12 without certifying to the director of the department of  
52 13 administrative services that the person is entitled to the  
52 14 payment.

52 15 Code section 97B.34A, concerning payment to minors, is  
52 16 amended to provide that if the sum to be paid is less than the  
52 17 greater of \$25,000 or the amount authorized in section 565B.7,  
52 18 subsection 3 (currently \$25,000), the funds may be paid to an  
52 19 adult as custodian for the minor. Payments in excess of this  
52 20 amount are to be paid to a court-established conservator.  
52 21 Current law sets the maximum amount that can be paid to an  
52 22 adult custodian at \$10,000.

52 23 Code section 97B.38, concerning fees for services, is  
52 24 amended to allow the system to charge fees to anyone for the  
52 25 costs incurred by the system in performing its duties.  
52 26 Currently, members, beneficiaries, and the general public, but  
52 27 not employers, may be charged fees.

52 28 Code section 97B.49B(1), concerning protection occupations,  
52 29 is amended to add county jailers and detention officers, Iowa  
52 30 national guard installation security officers, emergency  
52 31 medical services providers, and county attorney investigators,  
52 32 as members in a protection occupation for purposes of IPERS  
52 33 benefits.

52 34 Code section 97B.49F, concerning the determination of the  
52 35 cost of living dividend, is amended. Current law provides  
53 1 that the dividend increases by a percentage that is the lesser  
53 2 of 3 percent, the percentage increase in the consumer price  
53 3 index, and the percentage certified by the system's actuary  
53 4 that the system can absorb. The bill amends the determination  
53 5 of the percentage calculated by the system's actuary to  
53 6 provide that the determination be made by comparing the  
53 7 actuarial required contribution rate for the system and the  
53 8 statutory contribution rate. If the actuarial required rate  
53 9 exceeds that statutory rate, the bill provides that the  
53 10 percentage certified by the actuary shall be zero.

53 11 Code section 97B.49H, concerning active member supplemental  
53 12 accounts, is amended to provide that no payments to the  
53 13 accounts be made unless the system remains fully funded  
53 14 following the payment to the supplemental accounts. Current  
53 15 law allows payment only if the payment can be absorbed without  
53 16 significantly impacting the funded status of the system.

53 17 Code section 97B.50, concerning early retirement due to  
53 18 disability, is amended to provide that a member who qualifies  
53 19 for IPERS regular disability benefits by becoming eligible for  
53 20 federal disability benefits must demonstrate their continued  
53 21 qualification for federal disability benefits to receive IPERS  
53 22 benefits. Current law does not require a determination that  
53 23 the member remains eligible for federal disability benefits  
53 24 once initial eligibility is established. The change does not  
53 25 affect the ability of the member to qualify for retirement  
53 26 benefits based on criteria other than disability.

53 27 Code section 97B.52, concerning payment of a lump sum death  
53 28 benefit, is amended to eliminate a provision requiring a  
53 29 determination of what the lump sum payment would have been if  
53 30 the person had died on June 30, 1984, and a provision that the  
53 31 method of payment to a beneficiary selected by a member does  
53 32 not apply.

53 33 Code section 97B.53B, concerning rollovers of members'  
53 34 accounts from IPERS to another eligible retirement plan, is  
53 35 amended to reflect Internal Revenue Code changes. The bill  
54 1 provides that nonspouse beneficiaries of a member that are  
54 2 designated as beneficiaries pursuant to federal law are  
54 3 allowed to elect to have IPERS pay all or a portion of an  
54 4 eligible distribution to certain eligible retirement plans.  
54 5 The bill also provides that, beginning January 1, 2008, Roth  
54 6 individual retirement accounts and annuities are eligible  
54 7 retirement plans for a member, a member's surviving spouse, or  
54 8 a qualified payee under a qualified domestic relations order.  
54 9 The provision of the bill amending Code section 97B.53B takes  
54 10 effect upon enactment and is retroactively applicable to  
54 11 January 1, 2007.

54 12 Code section 97B.65, concerning limitation on increases in  
54 13 benefits, is amended to provide that an increase in benefits  
54 14 shall not be implemented unless the system is fully funded and  
54 15 the increase in benefits can be absorbed into existing  
54 16 contribution rates for the membership group affected. Current  
54 17 law only requires that the system be fully funded prior to  
54 18 implementing the increase in benefits. This change also  
54 19 provides that the increase in benefits can be implemented even  
54 20 if the system is not fully funded or existing contribution  
54 21 rates are insufficient if the statutory change providing for  
54 22 the increased benefit is accompanied by a change in the  
54 23 required contribution rate necessary to support the increased  
54 24 benefit. This provision takes effect July 1, 2011.

54 25 Code section 97B.73B, concerning the purchase of service  
54 26 for patient advocates, is repealed by the bill.

54 27 Code section 97B.80C(1) and (2), concerning purchases of  
54 28 permissive service credit, is amended. The bill provides that  
54 29 any period of time when there was not performance of services  
54 30 is considered nonqualified service eligible for a purchase of  
54 31 service. The bill also provides that a member may convert  
54 32 existing regular service credit to special service credit upon  
54 33 paying the actuarial cost of that enhanced benefit. The bill  
54 34 provides that if the existing service was nonqualified  
54 35 service, then the purchase of special service credit for that  
55 1 service shall be made pursuant to the requirements governing  
55 2 the purchase of nonqualified service. Alternatively, if the  
55 3 existing service was qualified service, then the purchase of  
55 4 special service credit for that service shall be made pursuant  
55 5 to the requirements governing the purchase of qualified  
55 6 service.

55 7 Code section 97B.80C(3) is amended to provide that a member  
55 8 buying back service under IPERS can receive a credit for the  
55 9 cost of purchasing that prior service if the member received a  
55 10 refund for that service, as a vested member, prior to July 1,  
55 11 1998. The credit shall be in an amount equal to the  
55 12 accumulated employer contributions of the member which were  
55 13 not paid to the member as a refund multiplied by a fraction of  
55 14 years of service for that member, determined as provided in  
55 15 Code section 97B.49A, 97B.49B, or 97B.49C, as of the date the  
55 16 member received the refund, plus interest.

55 17 Code section 97B.82, concerning the purchase of service  
55 18 credit from a direct rollover of moneys from another  
55 19 retirement plan to IPERS, is amended to reflect Internal  
55 20 Revenue Code changes. The provisions of the bill amending  
55 21 Code section 97B.82 take effect upon enactment and are



55 22 retroactively applicable to January 1, 2007.

55 23 The bill also provides that notwithstanding any provision  
55 24 of Code section 97B.65 to the contrary, the provisions in this  
55 25 division of the bill shall be implemented upon the effective  
55 26 dates applicable for those provisions.

55 27 STATEWIDE FIRE AND POLICE RETIREMENT SYSTEM. Code sections  
55 28 411.5 and 411.8, concerning the actuarial valuation and the  
55 29 method of financing the retirement system, are amended to  
55 30 provide that the board of trustees shall select the actuarial  
55 31 cost method to be used in the annual actuarial valuation of  
55 32 the system and in calculating the cities' contribution rate to  
55 33 the system. Current law provides that the system use the  
55 34 aggregate cost actuarial method.

55 35 New Code section 411.10 permits current members of the  
56 1 retirement system with at least five years of service to  
56 2 purchase up to five years of service credit under the system  
56 3 for military service. The bill provides that the member is  
56 4 required to pay the full actuarial cost of the service  
56 5 purchase and must make written application with the retirement  
56 6 system for the purchase of service.

56 7 JUDICIAL RETIREMENT SYSTEM. Code section 602.9104,  
56 8 concerning contributions to the judicial retirement system, is  
56 9 amended. The bill provides that beginning July 1, 2008, the  
56 10 judge's contribution percentage shall be 7.7 percent of salary  
56 11 for FY 2008=2009, 8.7 percent for FY 2009=2010, and 9.35  
56 12 percent for FY 2010=2011 and each fiscal year thereafter until  
56 13 the system reaches fully funded status. In addition,  
56 14 beginning July 1, 2008, and for each fiscal year thereafter  
56 15 until the system reaches fully funded status, the state's  
56 16 contribution shall be 30.6 percent of salary of all judges.  
56 17 Once the fund reaches fully funded status, the bill provides  
56 18 that the state shall pay 60 percent and judges shall pay 40  
56 19 percent of the required contribution rate. Current law  
56 20 provides that judges pay 6 percent and the state shall pay  
56 21 23.7 percent until the system reaches fully funded status but  
56 22 adjusts the judge's contribution based on the actual  
56 23 percentage paid by the state. Current law then provides that  
56 24 upon reaching fully funded status, the state and the judges  
56 25 shall pay the required contribution rate to the system on a  
56 26 50=50 basis.

56 27 Code section 602.9116, concerning the actuarial valuation  
56 28 of the system, is amended to provide that the court  
56 29 administrator determine the actuarial assumptions and methods  
56 30 to be used by the actuary. A corresponding change is made in  
56 31 Code section 602.9104 to eliminate the requirement that the  
56 32 projected unit actuarial cost method be used. The bill also  
56 33 provides that the annual valuation include the actuarially  
56 34 required contribution rate for the system.

56 35 MISCELLANEOUS PROVISIONS. Code section 8A.438, concerning  
57 1 annuity contracts, is stricken and rewritten by the bill. The  
57 2 bill authorizes the director of the department of  
57 3 administrative services to establish a tax-sheltered  
57 4 investment program in accordance with section 403(b) of the  
57 5 Internal Revenue Code and to offer the program to eligible  
57 6 public employers in the state. The bill establishes a trust  
57 7 fund in the state treasury under the control of the department  
57 8 for deposit of moneys received under the program.

57 9 Code section 55.1, concerning leaves of absence for service  
57 10 in elective office, is amended by the bill. Current law  
57 11 provides that a leave of absence granted to a person elected  
57 12 to a municipal, county, state, or federal office need not  
57 13 exceed six years. This provision of the bill removes the  
57 14 six-year limitation. In addition, the bill provides that if a  
57 15 salaried employee takes leave without pay to serve in elected  
57 16 office the salaried compensation for the pay period shall be  
57 17 reduced pro rata to the number of days taken.

57 18 Code section 97C.21, concerning voluntary federal social  
57 19 security coverage for certain part-time elected officials, is  
57 20 amended to permit the governor to authorize a statewide  
57 21 referendum of these officials on whether they should be  
57 22 included as an employee for purposes of social security  
57 23 coverage.

57 24 Code section 97D.2, concerning the analysis of proposed  
57 25 changes to retirement systems, is amended to require that  
57 26 actuarial information on the cost of a proposed change include  
57 27 information on the effect of the proposed change on the normal  
57 28 cost rate for the system using the entry age normal actuarial  
57 29 cost method.

57 30 New Code section 97D.5 requires that PORS, IPERS, the  
57 31 statewide fire and police retirement system created in Code  
57 32 chapter 411, and the judicial retirement system created in

57 33 Code chapter 602, include additional actuarial information in  
57 34 each system's actuarial valuation or update beginning with the  
57 35 2008=2009 fiscal year. The new Code section requires each  
58 1 public retirement system to determine, using the entry age  
58 2 normal actuarial cost method, the actuarially required  
58 3 contribution rate and normal cost rate for the public  
58 4 retirement system and to include this information in the  
58 5 system's actuarial valuation.  
58 6 Code section 260C.14(9), Code section 273.3(14), and Code  
58 7 section 294.16, concerning annuity contracts for community  
58 8 college, area education agency (AEA), and school district  
58 9 employees, are stricken and rewritten by the bill. These  
58 10 provisions of the bill provide that a community college or AEA  
58 11 board or school district may establish a plan in accordance  
58 12 with section 403(b) of the Internal Revenue Code allowing  
58 13 eligible employees to select one or more investment contracts.  
58 14 "Investment contract" is defined as a custodial account  
58 15 utilizing mutual funds or an annuity contract. The bill  
58 16 provides that investment contracts in the plan shall either be  
58 17 selected pursuant to a competitive bidding process conducted  
58 18 by the employer in coordination with employees or by  
58 19 participation in the tax-sheltered investment program  
58 20 established by the department of administrative services. The  
58 21 determination of whether to select investment contracts by  
58 22 competitive bid or by participation in the department of  
58 23 administrative services plan shall be by agreement between the  
58 24 employer and employee organizations representing employees.  
58 25 Current law provides that selection of an investment contract  
58 26 is at the discretion of the employee. These provisions of the  
58 27 bill take effect January 1, 2009.  
58 28 The bill also establishes a transition provision, effective  
58 29 upon enactment, that provides for the selection of investment  
58 30 contracts in a 403(b) plan offered by a community college or  
58 31 AEA board, or school district, for the period beginning  
58 32 January 1, 2009, through December 31, 2009. This section of  
58 33 the bill provides that investment contracts in the plan for  
58 34 that period shall either be investment contracts included in a  
58 35 deferred compensation or similar plan offered by the  
59 1 department of administrative services or no more than five  
59 2 companies authorized to issue investment contracts as selected  
59 3 by the applicable employer and no more than three companies  
59 4 authorized to issue investment contracts as selected by the  
59 5 employee organizations representing the employer's employees.  
59 6 The determination of whether to select investment contracts by  
59 7 determination of the applicable employer and employee  
59 8 organizations or by utilizing investment contracts selected by  
59 9 the department of administrative services shall be by  
59 10 agreement between the employer and employee organizations  
59 11 representing employees by August 15, 2008. The bill  
59 12 authorizes the applicable employer to take all necessary steps  
59 13 to establish a 403(b) plan meeting the requirements of this  
59 14 bill by January 1, 2009.  
59 15 The bill further provides that the department of  
59 16 administrative services establish, by January 1, 2010, a  
59 17 tax-sheltered investment program as authorized by rewritten  
59 18 Code section 8A.438 in the bill. The bill provides that  
59 19 selection of vendors authorized to participate in the program  
59 20 shall be determined by the department and allows impacted  
59 21 employee organizations and employers to assist the department  
59 22 in the initial competitive bid process relative to selecting  
59 23 the vendors.  
59 24 LSB 6675XC 82  
59 25 ec/sc/5